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# **Southeast Asia Report**

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1 June 1983

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No. 1294

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## BUDGET DEFICIT, DEFENSE SPENDING EXAMINED

Perth THE WEST AUSTRALIAN in English 29 Mar 83 p 9

[Text]

**CANBERRA:** The Federal Budget deficit in the eight months ended February this year was \$5.7 billion—\$1.26b. more than in the same period of 1981-82.

But the Finance Minister, Mr Dawkins said yesterday that because of seasonal and other factors the figure did not provide a reliable guide to the final outcome for the year.

Mr Dawkins was releasing the statement of the Federal Government's financial transactions to the end of February.

He said that the Prime Minister, Mr Hawke, had announced that the full year deficit was likely to be about \$4.3 billion.

However this had been before the March 8. devaluation and therefore did not, obviously, incorporate any budgetary effects of the change.

A spokesman for Mr Dawkins said that the devaluation would reduce the figure put forward by Mr Hawke, but it still was likely to be more than \$4b.

The statement shows that Budget outlays for February were 23.1 per cent higher than in the corresponding month last year.

Mr Dawkins said that the relatively big increase for February followed the moderate increase of 10.7 per cent recorded in January and emphasised that monthly figures were subject to substantial variation because of timing differences in large outlay items.

The shadow treasurer, Mr Howard, said yesterday that the Labor Government should introduce a May mini-budget if it believed the "questionable forecast" of a \$9.6 billion deficit for next year.

If it did not, the Government would be shown to be using a notoriously unreliable "first guess" as a political excuse for backing down from its election promises.

"It would be totally irresponsible to wait until the August Budget to take action to reduce such an unacceptably high deficit," he said.

## Defence Deals Ruled Out

**CANBERRA:** The next Budget will not provide for new capital equipment purchases for the defence forces.

The Defence Minister, Mr Scholes, said yesterday that, while the defence budget allocation would be higher, there would be no new purchases.

"There is none of it (the allocation) that is not committed," he said.

"All we can do this year is pay the bills."

## Concern

He said that the department was concerned about the high degree of commitment in the next five years to existing programmes and the lack of flexibility in additional purchases.

However, he said this

would not stop the government making policy decisions.

"There will be major decisions but no major acquisitions," he said.

"I'm told that most big decisions take two to three years to come to the expenditure stage."

Mr Scholes said he expected to receive a report this year from the navy on its submarine requirements.

In opposition the former Leader, Mr Hayden, had criticised the Government for deciding to buy the used British aircraft-carrier Invincible.

Mr Scholes blamed the Invincible for the lack of funds for new purchases.

Payments on items already on order or bought had been deferred. Consequently they had fallen back into this financial year.

The devaluation also had its effect on the payments, he said.

CSO: 4200/582

## HAWKE, OTHER GOVERNMENT FIGURES COMMENT ON ECONOMY

Sydney THE SYDNEY MORNING HERALD in English 2, 4-6 Apr 83

[Series of four interviews with the men who run the economy]

[2 Apr 83 p 13]

[Interview with Prime Minister Bob Hawke by Peter Bowers]

[Text]

**A MILLION unemployed by the end of the year or early 1984? A possibility.**

What is the fundamental difference between Bob Hawke's and Malcolm Fraser's view of a \$16 billion deficit? Integrity.

Will Mr Hawke jeopardise prospects of wage restraint if he abandons promised tax cuts? Not necessarily.

What does Mr Hawke expect from the national economics summit? A formal communiqué binding on all parties.

In this interview, the Prime Minister gives some surprising answers.

*Peter Bowers: I don't want to frighten anyone, but aren't we looking down the barrel at a million unemployed by the end of the year or early next year, no matter what make-work schemes you put in place?*

*Bob Hawke: It's a possibility. We will be doing our best to avoid that situation. You will recall what I said during the campaign that we would be aiming to stop the massive explosion in the rate of unemployment which has characterised the last 18 months or so, so that by the end of our term, we would have only half done that but would have brought the unemployment*

*rate down by a couple of percentage points. If we are able to achieve that, we will have done a great deal to arrest the devasation.*

*That is still your objective despite the \$9.6 billion deficit with which you have been presented?*

*The obvious comment is that the inheritance of that mess has made our task more difficult, certainly, but we are not going to divert ourselves from our stated target because of that increased difficulty. It is going to require the determination of priorities in a way which will put up front as far as possible those parts of our program which are most likely to generate employment and, looking at the other side of the coin, to halt the exploding rate of unemployment.*

*The \$9.6 billion deficit forecast was based in part on the assumption of a 1 per cent fall in employment — I take it you are not reconciled to that figure?*

*The \$9.6 billion is itself subject to two sets of considerations, quite apart from any decisions which we may make about cutting back some of the past Government's programs. Of course, the \$9.6 billion was subject to adjustment because of the impact of devaluation to bring it back to about \$9 billion. But then, paradoxically, if the wages outcome for the rest of '83 is more modest than the assumptions which were built in by the*

*Treasury, while over the longer term that would have a beneficial effect on the economy, in the immediate term, it can blow out the deficit because the impact of a lower wage rate increase impacts more immediately on revenue than it does on the outlays. While it can blow the deficit out a bit more in '83-'84 it is obviously very satisfactory from the point of view of the longer term strength of the economy.*

*Having said that by way of clarification of your reference to the \$9.6 billion, what we are engaged upon now is two tasks. One is to look at the whole expenditure side of the previous Government's program. That takes in two categories — the actual outlays and it also takes in tax expenditures (tax concessions) to see what may be done to rein back in that area and then, second, and related to it, to find out what room there is to implement our own programs.*

*We have got to aim at a deficit figure which is calculated to achieve two objectives: One, to maximise growth and employment opportunities and, second, to do that in a way which doesn't encourage unrealistic strains upon interest rates.*

*During the election campaign you indicated that a budget deficit of \$7.5 billion was responsible, and in your first days in government, you said a deficit of \$1.9 billion was not on. I know why a*

Fraser Government would not regard a \$10 billion deficit as responsible. Will you tell me why a Labor Government believes a \$10 billion deficit is not acceptable.

I think that a \$10 billion deficit — we are working on this — would impose very considerable strains upon the whole interest rate structure. That, in turn, could have possible implications on the balance of payments and, clearly, if you are going to achieve economic growth and the maximisation of employment opportunities, you need a situation where the incipient recovery is not going to be snuffed out by rises in interest rates which will impose undue limitations upon the capacity of the private sector to expand and provide further employment opportunities. If there were no limits imposed by the sorts of considerations that I have referred to, then you would just spend your way out of recessions. You would say, well, here we go, we will undertake an unlimited number of programs in the public sector and by way of assistance to the private sector, and just merely spend our way out of the unemployment problem and the low level of activity. Everyone knows you can't do that because of the impacts on interest rates that I have been talking about. You have to finance the deficit.

As recently as December, Mr Howard was telling us not to worry about a \$4 billion deficit, and during the election campaign you were telling us not to worry about a \$7.5 billion deficit. Now a \$10 billion is not on. Is there that much difference between a \$10 billion deficit and a \$7.5 billion deficit?

I won't do the obvious arithmetic, but let me make the point that the level of the deficit is not to be looked at in terms of the difference between \$7 billion and \$10 billion. You have got to relate it to your output of goods and services, to your Gross Domestic Product. The point I was making during the election campaign was that if you moved towards \$7.5 billion, you wouldn't be getting out of line with other OECD countries. It would have been towards the upper range of what other countries were coping with. But if you went out to \$10 billion, you would be going beyond the experience of other countries as to the impact that financing that sort of deficit would impose on the whole economy.

The implication of your question is, why don't we go to \$20 billion? That would impose a situation which would create exploding interest rates, pressures on inflation and, therefore, pressure on

the balance of payments. The running of an economy is not simply an achievement of one target which is not affected by other economic variables. Obviously what needs to be done is to maximise growth and employment opportunities. If you could ignore interest rates, inflation, the balance of payments, away you go. You have to make a judgment about the level of the deficit which the economy can sustain. You can't do it in an infinitely elastic way.

*It strikes me that what Mr Hawke is now saying is not very different from what Mr Fraser was saying. I would have expected a Labor Prime Minister to take a less dogmatic view of the Budgets.*

It is not a question of the difference between Hawke and Fraser. The two points to be made are these: the Labor Party has been consistent in what it has been saying since last year in terms of a preparedness to adopt a degree of economic expansion. We have been quite consistent about that. The difference between Fraser and Hawke is that we are being honest and realistic about what can be done in relation to the existing situation. Mr Fraser and Mr Howard were being totally dishonest in saying during the election campaign that a deficit of the order of \$10 billion in 83-84 would be a disaster when, at the same time as they were saying that, they knew that that was precisely the order of deficit which they had in mind for the Australian electorate. We have been totally consistent in what we have been putting. There has never been a point either before I assumed the leadership or since when either Bill Hayden or Bob Hawke said that there was no limit to the capacity of the Government to undertake a stimulatory program. We have never said that.

*It is a long time for an incoming Government to wait until August to introduce a Budget, and, as you have said often enough, there is nothing sacred about an August Budget. Do you have an open mind about an autumn Budget?*

What I have an open mind on, Peter, is the desirability of introducing some measures before August out of our stated program of which early introduction would be beneficial in terms of the level of activity in employment. But I wouldn't dignify it necessarily with the title of an autumn Budget. In other words, you can undertake certain measures without dignifying them as a mini-Budget. How it would be described — if we did it — would be for you scribes. I am sure that you will come up with a magnificent . . .

*It depends whether you do it over the course of a week or on one night.*

Exactly. When I say exactly, the description that you give to it will be your business. I am simply making the point that measures, stimulatory measures, don't have to wait until August. The point is well taken. If you decided to take early measures, you might announce it on one night or you might do it over a period.

*If you do it in one night, we will call it a mini-Budget.*

OK. Well, I feel quite cool about what language you use if we do it.

*When will you complete the review of the former Government's spending program to see if there is any fat that can be removed?*

I can't answer that because I don't know the answer. The programs of analysis are well underway but it will take some time. Precisely how long, I'm not sure.

*Can we move on to the national summit? Your election promises dovetailed with the prices and incomes accord in that in return for wage restraint by the unions, you would take measures such as tax cuts to put money back into the pockets of the workers. If as you are hinting you have to abandon tax cuts or other promises, would that not jeopardise your chances of achieving wage restraint in that you have got nothing to trade?*

Not necessarily. I ask you to remember some relevant recent history. Last year the ACTU, in discussions with the previous Prime Minister, offered to forgo tax cuts that had been promised by the previous Government on the basis that to do so would make sense in terms of employment generation programs. So, they have already displayed a readiness to look at the level of taxes in a broader sense than simply trade-offs or money wage increases.

The second point I would make is that there are a number of other elements in the whole prices and incomes accord which are capable, I believe, of introduction in a way which involves little or no expenditure. There is a range of concerns which we are looking at which would do things, not merely what the trade unions want, but which are in the community's interest. Let me give an example so that it doesn't sound entirely hypothetical. In industrial health and safety, we have an appalling situation in this country. I believe a great deal could be done in this area which is of great concern to the ACTU and which wouldn't be a large expenditure item.

The third point is that I believe that what will emerge from the summit and from discussions before the conference . . . there will emerge such a clear indication of the economic mess that this country is in, that there will be a preparedness on the part of all sections of the community, business and trade unions, to undertake a degree of sacrifice, which leads on to the point that Australia is going to be in a better position as we move into '83 and beyond to take the greatest advantage of the lift in the level of activity overseas if we have got our own economy in order. Therefore, I believe that the question of tax cuts shouldn't be seen in quite the stark terms that your question put it.

*Are you saying we haven't heard the worst about the economic mess, and that it will emerge at the national summit?*

The deficit, if you like, is the bottom line of the operation of a number of interacting factors and, I think, yes, it will become clear at the economic conference that the Australian economy is in a very, very difficult situation which is not completely told just by the bald figure of a deficit of \$9.6 billion, the relevant figure in early March.

*Broadly, what do you hope to get out of the national summit? Are you looking for a general commitment to reconciliation and consensus or are you looking for specific proposals which the Government can take away and look at?*

We want the business community, the trade unions and other people who are coming to the summit to understand just how difficult the economic situation is. The most dramatic manifestation, of course, is the level of unemployment. Unless you know just how difficult things are, you are not going to be in a position to make the decisions which are most likely to resolve that problem. So, I expect the summit first of all to set a degree of shared understanding, which has never been attempted before let alone achieved, in the basis of this country.

All the facts will be put before the participants. I would hope that on the basis of that shared information and knowledge, there will be a preparedness on the parts of the participants to agree to broad lines of action and mechanisms which are likely to mean that the Australian economy is first 'lifted' in ourself in a program to recover and to take advantage of the help of others, especially our friends in the United States.

Going to that part of your question about specifics, we as a Government will be putting to the conference in broad terms the sorts of alternative paths available to Australia to pursue in the period ahead. I am hoping that out of the discussion that takes place and the exposition of the facts that we will be making, we may get some indication of a consensus about what the most sensible paths are to follow. I said during the campaign and I repeat: We won't be expecting the summit to formulate the final policies of government.

*That is your job.*

That is our job, and I have made it quite clear all along that that is a Government responsibility, but we are more likely to make decisions which will work if, out of that conference, there emerges a considerable degree of consensus as to the best paths to follow. The final point I would make is that a part of the conference will be directing itself to the best way of putting into legislative form the mechanisms for continuing consultations as well as a continuation of informal consultation.

*Will there be a special reference to wage fixing?*

Of course, that will be part of it. How can you possibly talk about paths along which you can go without talking about wage fixing? I believe there will be an agreement that we need to return to a form of centralised wage fixing. There will be a question, I would think, of what would be the best timing as to applications and there could be broad agreements as to the most desirable orders of wage movement.

*So you and the parties, with your consensus, may then go on to the Arbitration Commission?*

Yes. I would think there is agreement about the concept of a return to a centralised wage-fixing system. You may need some preliminary conferences between the parties and the Arbitration Commission to look at where you are now, where you pick up the threads of the path, and there could well be some agreement as to when after those sort of preliminary conferences you might move to the national wage case.

*With nearly 100 delegates attending the conference, how are you going to manage it? I don't mean manage in the sense of state manage or political manipulation, but how are you going to manage it in an organisational sense?*

There is a lot of important work being done. We have got two com-

mmittees working, a technical committee and, as you say, the organisational committee. Both committees are made up of representatives of Government, the employers and the trade unions. The technical committees are working out the most effective way of presenting information for the essential part of the conference, the consideration of possible alternative scenarios which would follow from particular assumptions. I have asked them to make sure they address themselves to this question in regard to the actual presentation of information. Clearly, you mustn't have a situation where the information is so highly technical that people without economic training will not be able to absorb the material. That would be self-defeating. So, I have asked them to ensure the information is in two parts — a generalised presentation with whatever amount of technical appendices necessarily desirable to satisfy the most technically minded. Secondly, the information will be given to the participants before the conference meets so that they are not going in there cold. That way you maximise the likelihood of the discussions being worthwhile.

I emphasise that we have had unbelievably good co-operation from the business community and the trade unions with the Government in those technical working committees. Frankly, I am an optimist in these matters, but I have been pleasantly surprised at the degree of co-operation. Without any question, the conference will commence on April 11 with a degree of free information and a breadth and depth of information which has never been seen before in this country. There are very few countries which have had that sort of situation.

I hope the conference will adopt the idea of a steering committee which will mean that after the first day's general statements, there will be agreement how we pick up specific items during the conference. Sorry this is taking so long but you want a detailed answer. I had entertained a view earlier that perhaps the conference may want some of its sessions to be non-public, but the more we listened to the sorts of discussions and outcome of the discussions that have taken place at this stage in the technical committee, the more I think it seems to me that the conference may decide that the whole of the proceedings should be opened. I say that subject to possible chance, but that seems to me to be very likely.

I would think that the actual hours of sitting in the conference would mean that there will be something like five hours each day — no more than that — which will allow a fairly significant amount of time for informal discussions between groups. It is my hope that, at the end of it, we would be able to get an agreed communique which would represent a positive outcome of all those processes.

*Prime Minister, these are early days in Government, but by now, you know the size and the shape of problems. Is there anything you want to say on that score?*

Well, I think it is just a tragedy that the politics of this country are so demeaned by the processes of the latter part of 1982 and the beginning of '83, where deception of unparalleled magnitude was inflicted upon the Australian people in that period by the previous Government. That has meant we have a range of very difficult decisions to make, as your question implies.

[4 Apr 83 p 7]

[Interview with Paul Keating, federal treasurer, by Ross Gittins]

[Text]

**IN keeping with the yoga politics of the Hawke transition, the Federal Treasurer, Paul Keating, uses phrases like "there is in all things a half-way house."**

**He speaks of the need to blend Labor's ambitions with the reality of Labor's inheritance.**

**He cautions against the risks of excessive spending: moderation in all things, but especially in nervous capital markets.**

**Only once do we hear the Paul Keating behind the Treasurer: the Government, he slips in, wants the maximum bang for the dollar. Bang (a Treasurer would say stimulus, and Mr Keating did and then corrected himself) for the dollar, you see, is what the Government will be offering the unions in return for wage restraint.**

I simply want to say this: I believe that the Australian community as a result, partly of the holding of the conference and the totally open and frank way that we are going to conduct it ... I believe the Australian community will join with the Government in agreeing that the decisions that we come to will have to be made. I believe the Australian community will accept those decisions because they will be decisions which will arise from, as I have said, open consultation between the Government and the people through their various representative groups.

While, as you say, I have seen the magnitude of the problems, I believe that the sorts of things I said during the campaign are going to be capable of achievement. That is, we will start to turn around the processes of the more recent period. I think we can bring a halt to the explosion in unemployment and it would be my hope, as I said during the campaign, by the end of the first term of Government that

we will have brought about some reduction in those levels of unemployment, and that in terms of the number of jobs that we can create, I have talked about half a million jobs. I hope it will be in that sort of ball park.

*You said that a deficit around \$10 billion is not on. The way I see it, a deficit of that order is either a product of the Budget's automatic response to the weakness of the economy, or it's a product of a stimulatory policy set in train by your predecessors. Or, more likely, it's a combination of both. Either way—I can't see that it's something a Labor Government has much to complain about.*

*One of the principal things we are in the process of determining is the extent of the cyclical and structural components of that deficit figure. That is, just how much stimulus is likely to be retained in the 1983-84 Budget, flowing from the continuing policies of the previous Government, and to what extent that deficit is induced by the recession. That work has been commissioned and we should have precise answers to those questions very soon.*

*But before you've seen the response to that work, you said definitely that a \$10 billion deficit is not on. What's wrong with a \$10 billion deficit?*

*What we need to ensure is that our next three Budgets meet the objectives we outlined during the election campaign, for the creation of new jobs in the economy. On the basis of a broad analysis, I have confidence in believing that we*

could achieve those objectives with a deficit well below \$10 billion.

To deal precisely with your question about the \$10 billion, I think that the financing of a \$10 billion deficit could put too much pressure upon interest rates. The Government has to consider at what point it believes that the magnitude of a deficit is such that it becomes counter-productive in terms of a stimulus to activity, through the interest rate implications it carries with it. That is, the crowding out effects upon private sector investment.

We do not want to arrive at a position where we secure a stimulus through Government programs via the Budget deficit but then find that a large measure of the expansion is neutralised by a further decline in private sector investment. It is a matter of reaching the appropriate trade-off point between Government-induced expansion and scope for a rise in private sector expansion. In other words what we think is reasonable in terms of the desired impact upon activity from whatever Budget framework we finally decide upon versus what we perceive to be the possible implications for inflationary expectations and the interest rate outlook.

This requires amongst other things a judgment about the way financial markets will react to a deficit of a certain size, including their understanding of the effect upon the Budget deficit of a recession. But we gave a commitment to the public at the election to check the erosion of employment, with the objective of creating half a million jobs over a three-year period. I feel confident that we can build a Budget which will get this process under way but with a deficit outcome well below the \$10 billion you mention.

*For the past seven years the Fraser Government drummed into us that big deficits push up interest rates. Frankly, I thought that their thinking on that subject was muddled. Could you explain the mechanism by which you see an increased deficit pushing up interest rates?*

It depends how large a deficit one has in mind and the capacity of the system to fund it within certain monetary growth limitations. I think it also gets back to some extent to perceptions by business and by financial markets about inflationary expectations. If this Government was to secure a lower wages and prices outcome in the next year or so where inflation can start to fall, it is a question of whether that inflation fall would be taken generally by business as indicative of a longer-term basis for lower inflation. This would be assessed in conjunction with the funding of the public sector borrowing requirement.

I think it is a matter for judgment on the Government's part as to what level of Budget deficit can be accommodated before higher interest rate expectations arise, and where the Government's progress, in dealing with inflation signals a real decline in interest rates.

*The other question which must remain is that with a private sector recovery under way, in a given monetary policy environment, whether some upward pressure on interest rates may result, particularly if there was any upward movement in US interest rates arising from their recovery. At the moment, rates there are continuing to fall. But as their recovery gathers strength I think it will be critical for them as well as for us that it does so with interest rates continuing at lower levels.*

Obviously in the face of a significant strengthening in private sector investment here, it would be prudent then to wind the public sector back so that interest rate falls can be maintained.

*What I wonder about is whether Canberra-based bureaucrats are the best placed to advise the Government on business expectations.*

No, I do not think they are. But that's the point of Government ministers keeping their own contacts with business and getting around the market to find out the sort of views which prevail. But when I say that, I don't wish in any way to imply that that becomes the sole consideration in the framing of the Budget. On the other hand, I think it could be a risky approach to believe that one can just spend one's way out of problems, not taking into account any possible counter-effects arising from inflation and interest rate expectations.

There is in all things a half-way house. This Government is determined to get Australia back on a growth path and to do something significant about employment. But we must do so in such a way that we maximise the opportunities which may present themselves for a recovery in the private sector.

*Before the election Labor attacked last year's Budget for being contractionary. In fact, you said that we had had seven contractionary Budgets in a row. A Budget which produces a deficit of \$4.3 billion and lays the groundwork for a future deficit of \$9.5 billion doesn't seem very contractionary to me. When you see a need to reduce the projected deficit of \$9.5 billion, aren't you going to say that the previous Govern-*

*ment's fiscal policy was too expansionary and needs to be cut back?*

Well, the Budget in 1982-83 was definitely more expansionary than the Budget of 1981-82. But originally it was designed for a small domestic surplus, before the recession blew it out to a substantial deficit. The continuing programs of the previous Government projected into 1983-84 will have some substantial stimulatory effect, given that the expansionary impact of the 1982-83 Budget is really only now being felt in the second half of this financial year.

*Perhaps too much?*

That I would prefer to comment on after I've seen some more detailed quantification of the discretionary elements of that stimulus. Then we can see in what ways the coalition's expenditures should be reviewed and with what objective in mind. At the same time reviewing our own proposals to see that whatever we finally come out with we get the maximum stimulus per dollar, the maximum bang per dollar.

*The Government has set up an expenditure review committee to cut back the projected deficit. In my memory the first expenditure committee was set up by Mr Hawden in 1975. The Fraser Government had them working between or its seven Budgets. The members of those razor gangs found the going pretty tough by their sixth or seventh gallop round the track. Do you think your razor gang will be able to come up with many programs which the Liberals weren't game to cut, but Labor is?*

Well, I don't doubt that it is a very hard business. In politics we all tend to want to be liked by everybody. But obviously, particularly in Government, this can't be done. The Government has inherited a large projected deficit and, given our policy of restoring growth to the economy and dealing with unemployment, that does place a requirement on us to review the previous Government's policies.

But I should say this: I think there is in this Government the political will to meet the task ahead of us, bearing in mind that it's a new Government with a strong mandate. On that basis I think public expectations are such that they will expect the Government to do what it believes is necessary to meet its objectives. While that may sour some sections of the community on the way through, I nevertheless feel that there is no lack of resolve on our part to begin the process. We may resist from certain policy options, but what will matter will be the overall inclination of the Government to do what has to be

done across the board in those expenditure reviews.

*Is this expenditure review exercise really about cutting out Liberal programs to make way for Labor programs?*

There are certain areas of budgetary outlays which can never be cut. We will be looking at what can be socially and economically worthwhile and what also would give the maximum stimulation to the economy. So it doesn't necessarily follow that it will simply be cut because it was a coalition policy. But because there are certain things in our policy which we intend to concentrate on, we will be trying to make as much room as possible for the implementation of our own programs.

*In the election campaign you said that Labor would be able to get interest rates down by easing monetary policy. What have you done about that and how is it working?*

Well, at the moment the money supply is running at 10.6 per cent and that is quite "accommodating." At this time I see no reason for that policy to be changed.

*Well does this mean that, all other things being equal, you're expecting interest rates to fall?*

One of the things which is puzzling at the moment is why short-term rates have been hovering where they have been. There is obvious uneasiness in some quarters. The hedge rate is up and that is having an effect upon short-term rates. But I see no reason why people should believe that there are any problems with the Australian dollar. Rather there is a view about the likely strengthening of the US dollar. There is some concern, I think about the seasonal rundown problem, but I believe the monetary authorities have got that situation well in hand so there will not be a problem. There is no money supply reason why rates at this point should not be coming back.

*One of the things that worries people in the money market about Labor is its announced intention to declare Part Four of the Financial Corporations Act and thereby widen the degree of Commonwealth regulation of financial institutions. As you're well aware, the mood of people in the money market is very much against regulation. What are Labor's plans in that?*

We don't accept the totality of the Campbell Committee's recommendations. We've made it clear

that the concessional areas of finance — housing, small business, farms — should be kept in place. To that extent, general movement towards a fully deregulated system would not be countenanced on our part.

There are, of course, some parts of Campbell which have been implemented and which are worthy of consideration, and I think it would be a mistake to let the Campbell report simply collect dust on the shelf. To that end what I will be putting to the Government fairly soon is that we establish a committee of review with a very short time to report — say, three or four months — to look across the Campbell recommendations.

It will keep those concessional areas of finance there, but if possible in a less regulated framework. A specific term of reference they will have to consider is the question of housing finance and in which ways housing finance can be accommodated and to what extent we would need to use Part Four to that end or, indeed, any other end.

The other matter which I think is worthy of reference is the question of foreign bank entry. I think the foreign bank entry issue was simply a backdoor path to deregulation on the part of the previous Government. So to those institutions who are now vying for a banking licence, I might say that their applications should gather some dust for a while, and perhaps at some point in the not too distant future we might open the matter up again when the Government is in receipt of advice on the issue.

I would envisage we would have a very small committee of people: probably someone from the Treasury, the Reserve Bank and also some people from outside the bureaucracy to examine these questions.

*We've had those two big mergers of Australian banks and Labor was critical of that at the time. I think most people thought those mergers were in anticipation of competition from rough and tough foreign banks. What I wonder is, if Labor goes cool on the entry of foreign banks, whether the banking customer is getting the worse of both worlds? He's got a contraction of competition in the domestic sector, but no competition from outside.*

Well, I agree with that. I think there is now scope for licences to be issued certainly, more licences to be issued to Australians, to Australian institutions which would

redress some of that loss of competition which you identify. There is no reason why more licences should not be issued to Australians, as there was in recent times to the Australian Bank Limited.

*I don't know that the Australian Bank is yet making very much money. Do you think there would be a lot of locals wanting licences?*

There are a few knocking on our door already.

[5 Apr 83 p 7]

[Interview with Ralph Willis, minister for employment and industrial relations, by Milton Cockburn]

[Text]

**IN 1960 a young Department of Labour clerk, Ralph Willis, applied for and won the job of assistant research officer at the ACTU.**

The job involved helping the ACTU research officer and advocate, Bob Hawke—already a rising star in the labour movement.

Once again, Ralph Willis finds himself working closely with Bob Hawke. Willis has returned to the Department of Labour — now called the Department of Employment and Industrial Relations — as minister.

*Milton Cockburn: You played a key role in negotiating the ACTU-ALP statement of accord on economic policy. Now you have the responsibility of translating that statement into an effective prices and incomes policy. How do you see wages policy taking shape over the course of this year?*

Ralph Willis: Well, that's something about which I'm not going to be very forthcoming at the present time. We obviously regard wages policy as a key element in economic policy and a key element in the success or otherwise of the Labor Government. We are formulating a view as to what should happen on the wages front, but I'm not going to make any public statements about that until our position becomes more certain. We really won't make any clear decisions on that until after the summit.

*The Arbitration Commission will be meeting in a couple of months to consider the wages freeze. Would you like to see the wages freeze remain in place for longer than six months?*

That's again something about which I won't be very forthcoming at the present time. Obviously we will want to see a wages policy develop which will have the support of the trade union movement and have the widest possible support in the community. We appreciate the need for wage restraint,

but I don't want to make any statements about the extent of time which should pass before there is a wage increase.

*The oil industry unions, to name just one area, will obviously be moving immediately after the summit to achieve the second stage increase that they believe is their entitlement. Mr Crean said during the campaign that they had a commitment from the Labor Government that it would be prepared to argue before the Arbitration Commission that the agreement should be ratified. In view of the Arbitration Commission's opinion that it did not believe that such an increase could be confined to the oil industry, what would be the Government's attitude towards a renewed claim by the oil industry unions or the ACTU on their behalf?*

Well, I'm going to have some discussions with the oil industry, both the employers and the unions, in the near future to consider the matter. Clearly, nothing will happen in the immediate future, but after the summit I'll have to give close consideration to that matter. The meeting with the oil industry people will not take place before the summit. There is certain to be no movement in that area until after the summit is over. At this stage I am not able to say what my attitude would be to that area.

*If there is a consensus among the parties at the economic summit for a continuation of a wages freeze, do you expect that the ACTU would go along with that consensus, particularly given the position of the oil, building, metal industry and others?*

Yes, I think the issue of a continuance of the freeze is obviously one which is very contentious in the trade union movement. I think that the position of the union movement is, first, that it wants to see a centralised wages system, and that's a key part of the prices and incomes accord. Without that, I believe there would have been no accord. That was no problem for us because the Labor Party strongly believes in a centralised system and we were pleased that the union movement also is strongly committed to it. Now that means if we develop a

wages policy which will have the support of the union movement, then we are not going to have "one off" movements by individual industries except where there may be very exceptional circumstances.

What we are going to have is subjugation of industry claims to centralised wages movement. We would therefore expect that although various groups have made known their views as to what wages policy should be, in fact they won't be pursuing "one off" claims but rather will be pursuing their claims via the ACTU. I'm trying to establish the view of the ACTU as to how that centralised wages system should operate.

*Do you have your own preference about how the centralised system should operate? Would you prefer the wage indexation model or a return to the old annual national wage case?*

I think an annual national wage case is too long a duration. The prices and incomes accord did talk about regular adjustments but didn't stipulate a period. I would think a year is too long and we would need to have a shorter period than that. The ACTU policy is for quarterly indexation and, indeed, the ALP policy is for quarterly indexation. But whether it is desirable to move to that immediately is another question.

*There is a contradiction in the statement of accord. On the one hand it implicitly acknowledges the need for a reduction in real wages at the present time. On the other hand, it does commit a Labor Government to arguing before the Arbitration Commission for the introduction of a centralised system and also commits the Government to arguing for full cost-of-living adjustments. How do you envisage reconciling those apparently contradictory commitments?*

I don't see any contradiction. We were simply recognising the fact that in the circumstances in which the accord was being finalised, it was probably unwise to move to a system of that kind immediately. There would have to be some period elapse before we could establish such a system. Now, that was a recognition of the fact that the economy was in a state of virtually free-fall, real

GDP was declining and it was not really feasible to expect that we could move straight into a system like that in the present circumstances. This was an objective over time and that implies that such a system would be introduced in some subsequent period, but not immediately after the Government took office. So I don't see any contradiction there at all. We realised that in the present circumstances the objective wasn't attainable immediately but we would be moving towards it. Now, of course, the important question for the Government — and for everyone else — is just how, in fact, we do move towards it. That is something about which I have a view, but I don't think it appropriate to express it at this stage.

*The specific undertakings — the supportive policies on industrial relations — that are mentioned in the statement of accord were the abolition of the Industrial Relations Bureau, easier amalgamation laws and the tripartite review of the Conciliation and Arbitration Act. You appear to have gotten the agreement of the National Labour Consultative Council for the first two. What about the tripartite review? Was that discussed at the last meeting?*

Yes, it was, and there was general agreement that such a review would be appropriate. Now, at this stage, I've not done anything more about that. There are too many other things to occupy my time. But that isn't to say that the review isn't important. It is mentioned in the accord. There is already a review going on in the department — it has been going on for some time — and also a general review of the industrial relations systems. Now I would think that, as far as a review of the Act is concerned, we will probably incorporate much of the work that has been done in the tripartite review. Certainly I was very pleased that both of the parties supported the idea of the review.

*What is the status of the various ALP Platform commitments on industrial relations? Will these be put on ice for the period of the tripartite review — apart from the two you've already announced?*

It may be that we will do a few other things. I won't get into that at this stage. We've made clear commitments in respect of the IRB and union amalgamations. I'm pleased that we've had the support of the employers for that. There are other rather more contentious elements in our policy.

*I was going to ask you about some of those: for example the repeal of sections 45D and 45E of the Trade Practices Act.*

Well, I don't think I can say anything at the moment about moving in that direction. There are clear commitments in the party policy which I'm not walking away from. But, in terms of priorities, that is something we'll need more time to decide and have more discussions with the parties.

*This raises the position of the Australian Democrats. Obviously they will be the ones to decide if your industrial law reforms go through or not. Have you had discussion with the Democrats yet?*

No, I wouldn't expect any problems at all in the measures we'll be bringing forward in the May session — the abolition of the IRB and union amalgamations. On the more contentious areas I probably will be having some discussions with the Democrats, but that's well down the track at this stage.

*In the BLP deregistration case you sought a two-month adjournment, presumably to give the Government time to consider its position. You were granted only a two-week adjournment. Has the Government yet decided its attitude to the case?*

Our attitude remains that we want a two-month adjournment. When the case resumes, we will be seeking a further adjournment.

*Why would you need a two-month adjournment?*

Well, we want that adjournment because we want to have a chance to resolve the multitudinous problems in this area in a way which I don't believe would be achieved by deregistration. There have been a lot of problems in this industry. Some of them have been resolved since we achieved an adjournment. A lot of bans have been lifted — the Victorian Government projects bans, the scissor lift bans, bans in Western Australia on the Worsley alumina plant. I understand progress has been made in respect of some other bans which have been applying in NSW and Victoria. So I think there is substantial movement afoot there.

The ACTU is endeavouring to achieve a process to ensure that demarcation disputes are resolved without the application of bans, and I fully support their moves in that direction. If we can get established a clear process in regard to demarcation disputes — whereby the ACTU has a role, where there is a demarcation of a job before the project starts, which is part of the ACTU recommendation — it

would seem to be a very major step towards the elimination of bans. I think there are good reasons for real optimism about a much lower level of disputation of this kind in the future. But clearly it can't be sorted out in two weeks.

We need to have more time in order to try to get this area, and other areas which are affecting this industry, resolved. Simply to press ahead with the deregistration case won't achieve that resolution. It might bring about some kind of resolution, but will be achieved at great cost. I think it preferable from everyone's point of view to try to achieve a sensible management of affairs in the industry without going to that extent.

*With Labor now governing in four States and federally, would you be keen to pursue the desire which Neville Wran has expressed on a number of occasions for a unitary system of industrial relations in Australia?*

Yes, obviously that would be a desirable development. I recognise that there are many, many difficulties in achieving that, but I suppose the problem is in industrial relations that there always are many pressing issues on a day-to-day basis and it's too easy to keep putting out the brush fires and never seeing what is creating the sparks in the first place. One of the factors is the duality of the system. It is terribly complex, time-consuming, duplicative and probably does mean there are leapfrogging elements. I think it would be in everyone's interests if we had one system, but there are enormous difficulties in moving towards it. Hopefully when there is time to think about those more important longer-term issues I will be able to set in train some discussions which might lead to some process to achieve it.

*A final question. You were a backbencher in the Whitlam Government with a special interest in industrial relations. Were there any lessons for your present job that you learnt from that experience?*

I suppose there were. I think, for instance, in the public sector we did adopt a pace-setting principle for a period. We backed off from that eventually. I think it is clear that was a mistake and it is quite explicitly stated in the prices and incomes accord that the public sector will not become the pace-setting sector of the workforce, but rather it will be given comparability with the conditions applying in equal work situations in other Government employment and in private industry. That is one lesson.

I think probably the most important lesson of all is that it is absolutely essential for Governments to have a prices and incomes policy if it is trying to operate stimulatory economic policies. Now the Whitlam Government did pursue stimulatory economic policies. We already had a situation where the economy was reasonably buoyant when we took office. We probably added to that buoyancy but saw too late the need for something like a prices and incomes policy. Of course, we never really adopted one explicitly, but we did bring in a more rational wages policy through the indexation approach, but only after we had a massive wages blow-out in 1974. Now, clearly in Opposition we've had that lesson very much in mind.

[6 Apr 83 p 7]

[Interview with John Button, minister for industry and commerce, by Tom Mockridge]

[Text]

**SENATOR** John Button's shift of support from Bill Hayden was one of the crucial elements in ensuring a smooth transition of the Labor leadership to Bob Hawke.

Button was not regarded as a power broker, but the leading influence among the small but powerful group of Caucus Independents. Without their backing, Hayden was finished.

Despite his long-standing support for Hayden, Button believed Hawke provided the party with a certainty of victory.

Now, as Labor's Industry and Commerce Minister and Government Leader in the Senate, he is poised to play a key role in the Cabinet.

In a line-up noted for its economic realism, Button, too, displays the moderation emphasised by Hawke, Keating and Willis.

But if this Labor Government wants to be economically responsible, he would like to go a step further and be economically rational. At the outset, anyway, he is exhibiting a greater willingness than any of his coalition predecessors to act on issues such as protection, and actively wind back import barriers.

However, his desire to move on the tariff is strongly tempered

If we are going to attain a more buoyant economy or operate more expansionary economic policies, then we had to ensure we did not have an inflationary blow-out of income claims. The great breakthrough we achieved was getting recognition by the trade union movement of the importance of that approach. So we now have a situation where things are possible on the wages front which might not have been possible if we had not gone through that learning process, not only in Government but also in Opposition, where we thought the whole thing out in a way which is unique in Australian industrial relations and politics.

by the recognition that with unemployment now at 10 per cent plus and rising, it can't happen yet.

An admirer of Whitlam's political agenda, he is critical of the flamboyant style of the 1972-75 Labor Government.

*Tom Mockridge: Is there a single main factor that would act to restore business confidence?*

Senator Button: The single main factor is an upturn in demand, and that can only be brought about — it's a Catch 22 situation — by an improvement in general economic conditions. I think the single main thing that this Government can do to bring about that result is with some stimulus to certain sectors of the economy. The housing and construction area is most important because it has tremendous stimulus for a variety of industries, especially the small ones. It would be the first sign that they have got of a little upturn in future orders, which is just not there at the moment. It is a pretty bleak situation. But, of course, I am leaving aside, in giving that answer, international factors which are of considerable relevance, too.

*Do you see yourself as a business representative in Cabinet?*

To the extent that their interest has always to be advanced, I believe, in the Cabinet. I don't see myself as a business representative to the exclusion of a variety of

other interests, like the interests of the workforce or the interests of primary producers, for example. There is a considerably difficult area of potential conflict of interests, but the views of business must always be put in Cabinet. Yes.

*It is sometimes said of both Mr Hawke and Mr Keating that they have a special friendship with business leaders. Do you see yourself as having a special relationship with some business leaders?*

No, not in the category of individual business leaders. I think I know quite a number of them. There are none that I can think of immediately whose views I would accept in an unqualified way, without reference to other people involved in business. I have, I think, quite good contacts with some of the general industry associations, like the Australian Industries Development Association and the Committee for the Economic Development of Australia. I think one has to be very careful about accepting the view of one particular identity without checking that view with others.

*We can say that as a former industrial lawyer you have got many contacts with union leaders — that's a fair comment, isn't it?*

Sure.

*Given that, are you confident that these people are going to be able to deliver their part of the prices and incomes agreement?*

Yes, I am. I am sure there will be difficulties with this, but I have a very real confidence about that, and that's based on my assessment of what I would regard as the one benefit of the current recession, and that is that there has been a note of the most unusual realism engendered into all the discussions about this current state of the economy and about the future of the economy, which, in my whole political career, and even prior to that, I have never sensed in the same way before.

*A Business Review Weekly article recently quoted you as a moderate on protection policy and said that you saw your role as resisting moves for higher tariffs. Is that a fair comment?*

Yes.

*Even to the extent that in future years you would look to be winding back protection?*

Yes. In the context, one would hope of a better environment for industry generally, in terms of depreciation and corporate taxation. There are a number of issues that we have got to look at in terms of industry assistance which bear on the question of the tariff debate. I am not looking to any reduction in protection levels generally at the present time because of the current economic climate, but I think we have to look forward to a planned reduction in protection levels, as indeed is already in place in relation to the textile, clothing and footwear industry, for example, and, in a lesser sense, the motor car industry.

There is an awful dilemma there. It has been my impression of business since I have been a politician, that one thing business really wants from Government is a sense of continuity about policies and some appreciation of where they are going in five, six, seven years hence. I remember this being a major complaint against us in the Whitlam days, and it has been a steady complaint against the Fraser Government. They have got no idea where they are going in the long-term future, and I think that is terribly important, so I will be as far as possible resisting pressures in the current economic climate to depart from plans which give a degree of continuity.

*Does that imply, from what you said earlier, that if there are tariff cuts, there will be an element of trade-off on other types of industry assistance?*

I am not putting it in terms of trade-offs because tariffs bear in different ways. Tariffs in a sense discriminate between various industries, favouring some against

others. What I am really saying is that in the next few months I hope to get a better appreciation of how industry assistance in Australia, whoever is the Government, compares with overseas.

In terms of things like depreciation write-offs, corporate tax policy, investment allowance provisions, we are not waiting for the world there, we are well behind many of them. I think those issues are pretty crucial ones relating to economic recovery and, indeed, employment.

*Mr Hawke, during the election campaign, set Labor the objective of maintaining the remaining jobs in the steel industry. Is that still a realistic objective?*

If one is looking at the longer term future, and the commitment of the Labor Party to establish a viable and efficient steel industry in Australia, without considerable upturn in the size and capacity of this country to export, I don't think that it is likely that the existing level of employment can be maintained.

*The Industries Assistance Commission report on steel to me outlined a no-win situation. It recommended a set of tariffs and quotas that would maintain most of the steel industry jobs, but it conceded that it would cost more jobs in other sectors of the economy. Is a solution like that at all acceptable?*

I have difficulty in answering this because I don't want to say anything that prejudices discussions. Can I put it this way: I think the parameters of the discussion about maintaining a viable steel industry in this country are broader, considerably broader, than those encompassed in the IAC report.

*Also on BHP, you have criticised them for the manner in which they have gone about retrenching workers. Can you tell me how they were doing it wrong and what they can do to improve the way they retrench people?*

What I understand the facts to be is that the company says we let the people know in advance that there are going to be retrenchments, and they discuss it at various work site meetings and so on. The unions involved deny that those processes take place to anything like the extent which the company says they do. You see, I don't think BHP can ignore the human factors because you have in the steel industry three cities, Newcastle, Wollongong and Whyalla,

which have served them well up to recent times in terms of the profitability of the company, and they are communities that are largely dependent on the steel industry.

*Despite some reservations about what they might be doing, you have in fact given GM-H some praise for their retrenchment policies, haven't you?*

Well, not praise. What I have said about GM-H is that they consulted us pretty early in the piece about what they wanted to do in terms of the size of their workforce. They have consistently ever since then been in constant touch with us, in recognition of our request, about avoiding retrenchments if they possibly can. There has been almost daily contact about that. I believe that the company, not just because we asked them to do it, genuinely are trying to arrive at the best position in relation to that question. They had made the decision that their workforce had to be reduced, and when you look at the car industry as a whole, I understand their position, but having made that decision, I think they have taken a very reasonable approach to it in the circumstances.

*Can Australia sustain five car manufacturers?*

Not rationally, no.

*So in the medium to long term we have got to look to one at least going to the wall or being merged?*

I think that is likely to happen and I think that is a rational assumption. But I don't want to say anything that would encourage that to happen in the immediate future, particularly because of the social consequences.

*Another aspect of the protection issue, but on a more commonplace basis. Your department is dealing with complaints by local companies that cheap foreign goods are being unfairly dumped on the Australian market. Last year some moves were made by the then Government to tighten up dumping controls. Do you see room for further action by the Government in that area?*

Yes. I discussed that with my department very early on and they believe they can even further expedite the procedures for dealing with dumping complaints. That is a matter of urgency as far as we are concerned. But there is no doubt that it is sharpening a lot.

*You have been seen as suggesting penalty rates was one area where the Government could have*

*action to reduce business costs. Is that in fact an area where you think you can, as Industry Minister, assist business?*

Can I explain it in this context? I found it a most unsatisfactory debate over the last couple of years when all sorts of people were rushing around, both in business and in government, saying that Australian industry was just no longer competitive because of wage levels. It was an unsatisfactory debate in this sense: when you ask people what would be required, what would we have to do to Australian wage levels to make industry competitive, of course, there is no answer to that question. It is hardly susceptible to a rational answer because there are so many discrepancies that apply, but it seemed to me to be a fairly sterile debate. Now I just believe and I would like to see this country in a situation where wage levels are, by world standards, relatively high. But if one said that, one has to look at other areas which are inhibiting competitiveness in Australian industry.

Now, I think there are a number of areas which are not related to what a man or woman takes home in the pay packet but related to what happens on the job, in terms of the way in which work is done and so on. That is an area which, in a number of industries, there could be a very hard look to see if some of those practices might be improved. In that context I said one of the things that would have to be considered in an industry in particular would be the question of penalty rates — and I had in mind the tourist industry. That is not an easy argument. I mean, there are

two sides to that argument about penalty rates, but if, as I strongly suspect, penalty rates are inhibiting growth in the tourist industry and, therefore, inhibiting employment, then I don't shrink from the fact that we ought to have a look at it.

*And maybe you suggest that a Labor Industry and Commerce Minister has a better chance of doing something there than a coalition minister?*

I would think so, if a Labor Minister is prepared to take the question of debate at that level. How we improve this industry in order that it might expand and provide more employment.

*Customs is one of your major responsibilities. Following the MacKellar colour TV affair, it was announced last year that the Bureau of Customs was to be reorganised.*

That is taking place now.

*Yet last month, the Customs Officers' Association claimed that poor training of Customs officers meant that much contraband was still entering the country. Now, is there room for further action there?*

Yes, I think so. I understand — and I have to be cautious about this because I have just asked my department about it — that there are a number of new training schemes and retraining schemes in operation in the Customs Department. I am not in a position yet to say whether they are adequate or how well they are working. I will be visiting the Customs inspectorates in Sydney and Melbourne to start with and at that time I hope to get an opportunity to discuss this in detail.

*Are there any other changes in store as an aftermath of the MacKellar affair in particular, or do you think that those aspects have already been cleared up?*

I believe those aspects have already been cleared up. I am not in a position to make a definitive conclusion that they have.

*Well, those are the things that I wanted to cover. Is there anything you wanted to raise?*

Well, the only thing that I would raise that I am interested in is that I would like to encourage some debate about two issues that you haven't mentioned. One of the very sad things about this country seems to me to be the gap which exists between research skills and research capacity and entrepreneurial skills. We have got a lot of good things here in organisations like the CSIRO, and one of the great gaps in the industry policy in the past, in my view, has been the capacity to translate those things into applied activities, and to provide industry with the mechanism to take some of those things up. Work done in universities and in bodies like the CSIRO, I think that is a very important area of concern.

The second thing is that I don't believe, as many conventional economists may believe, that however much this economy turns up, it is going to provide full employment as we once knew it. That is an issue which I think really also has to be addressed. I think some very positive decisions have to be made about that — what you do with a very high percentage of kids under 20 in the workforce.

CSO: 4200/582

RIGHT-WING UNIONS REJOIN LABOR PARTY FOLD

Canberra THE AUSTRALIAN in English 28 Mar 83 p 1

[Article by Brian Hill]

[Text]

THE ALP is about to swing sharply to the Right with the imminent reaffiliation of four right-wing unions in Victoria whose combined membership totals 150,000.

The reaffiliations will close the book on an important part of Australia's political and industrial history.

The four unions are the last political remnant of the great Labor split almost 30 years ago which led to the formation of the Democratic Labor Party.

The unions are:

**FEDERATED** Ironworkers Association

**SHOP** Distributive and Allied Employees Association.

**AMALGAMATED** Carpenters and Joiners Society.

**FEDERATED** Clerks Union.

Their reaffiliation with the party will substantially alter the balance of power in the ALP — both federally and in Victoria — and is likely to mean the adoption of a range of conservative new policies at the next federal conference of the Labor Party.

Discussions between the four unions and the Victorian ALP have been continuing for about two years and have now reached the point where reaffiliation could occur within the next three months.

It is understood that the Prime Minister, Mr Hawke,

has been keeping a close watch on the negotiations and is delighted that the four right-wing unions are on the verge of reaffiliation.

Three of the unions disaffiliated with the Victorian ALP in 1965 as a result of the Labor split which led to the formation of the DLP.

The giant shop assistants' union, which now has more than 45,000 members, remained independent of both the ALP and the DLP while the three other unions decided to affiliate with the DLP.

The move back means that a powerful new right-wing force will emerge within the strongly left-wing influenced Victorian branch of the ALP, and that the shift will be reflected in a change in the balance of delegates to the party's national conference.

The four unions are certain to line up with Mr Hawke's centre unity faction, giving the centre and the Right sufficient numbers at both the Victorian and Federal conferences of the party to successfully overrule the socialist-Left influence.

One major reason for the reaffiliation by the influential shop assistants' union has been the Cain Government's hard-line position against extended shopping hours in Victoria.

The union has been greatly impressed with Mr Cain's handling of the issue, which emerged coincidentally over the period that reaffiliation negotiations were taking place.

Last night, a source closely connected with the negotiations said the four unions had received a "very bad deal from the Liberals, particularly on industrial relations," and that there was overwhelming support for the proposal to affiliate with the Labor Party.

Officials in the Shop, Distributive and Allied Employees Association believe the union's role opposing extended trading hours was worth six to eight seats for the ALP at the last Victorian election, and that affiliation with the party was the logical next move.

An official of one of the unions said yesterday: "The reaffiliations will have a dramatic effect on the ALP and the balance of power within the party."

### Obstacles

"At the State level, the four unions are strong supporters of Mr Ken Stone's moderate forces in the Victorian Trades Hall Council, and they can be expected to back the centre-right position espoused federally by Mr Hawke.

"I haven't the slightest doubt that Mr Hawke will like to see us back, and I believe the negotiations could be finalised

within the next two to three months.

Most of the obstacles to reaffiliation have long since been removed over the years despite the bitterness which accompanied the split.

"What we're trying to do now is create an atmosphere where there can be a peaceful reaffiliation without an all-out barney."

The Federated Ironworkers Association — one of Victoria's most right wing unions — was involved in a bitter demarcation dispute about two years ago with the Builders Laborers Federation over the construction of the Loy Yang power station in Gippsland.

The union, once it is part of ALP, can be expected to act as a conservative and moderating force on other delegates from the various sections of the building and construction industry.

The shop workers can be expected to maintain their strong stand against extended retail shopping hours but are unlikely to support strikes.\*

The imminent affiliations will also further increase the growing power of the Victorian Labor Party within the over-all Labor Party organisation.

CSO: 4200/582

LIBYAN HOPES FOR EXPANDED TRADE

Perth THE WEST AUSTRALIAN in English 26 Mar 83 p 20

[Text]

**LIBYA wants to develop its trade and people relationships with WA.**

According to Mr Su-leiman A. Oreibi, head of the Libyan mission to Australia in Canberra, his country wants to treble its present \$100 million annual purchases from WA.

And it wants to send up to 100 trainee and post-graduate students to the State each year.

Mr Oreibi (45), whose official title is secretary to the People's Committee, has just made a second visit to WA.

**Change**

He said: "I hope that the new Federal Government brings a change in attitude towards my country by Australia. We hope that it will see the reopening of the Australian Embassy in Tripoli, closed three years ago."

Mr Oreibi said he had

brought to WA six students who spent two years in Victoria. They would continue their agricultural studies at Muresk.

About 30 students had gained experience in agricultural activities in WA during the past 10 years.

Mr Oreibi said that there were tremendous opportunities for increasing WA sales to Libya. At present the main purchases were for agricultural machinery, pasture seed and live sheep—as well as money spent on technical and practical farming aid.

A branch of the Libyan-Australian Association was being set up in Perth.

CSO: 4200/582

## REPRESSION CONTINUES IN EAST TIMOR

Melbourne THE AGE in English 28 Mar 83 p 7

[Article by Jill Jolliffe]

[Text]

LISBON, 27 March. — Heavy fighting between Fretilin rebels and Indonesian troops is continuing around the East Timor town of Lospalos, according to Timor refugees.

The battles prevented a Portuguese television crew from visiting the area for a documentary just shown in Portugal.

The crew was refused permission to visit Lospalos, at the eastern end of the island, on the grounds that there was no helicopter available.

The journalist with the crew, Mr Rui Araujo, said he was told there were only three helicopters in the territory. He counted 10.

The film made a deep impact in Portugal, where the public has had little exposure to direct information about Timor since the Portuguese administration withdrew in August 1975. Its main impact stemmed from the overriding atmosphere of fear among Timorese who spoke to the Portuguese team.

Mr Araujo said he was accompanied by Indonesian security police throughout his week-long stay; many sequences showed a bulky Indonesian official standing behind interviewees with a poorly concealed microphone.

Several people interviewed on Atauro — an island off the capital, Dili, where thousands of political detainees are being held — constantly looked off-camera

before answering questions, which they did with great reluctance.

The Timorese administrator of Atauro, Mr Eugenio Soares, told Mr Araujo that there were 3000 people "not native to Atauro" on the island.

A Timorese prisoner who was interviewed said he was arrested because members of his family were still fighting in the mountains. He and another prisoner said they had been held for two years. Groups of children were killed among the prisoners.

The television team visited the towns of Dili, Aileu, Meninaro and Liquica in the border-to-central zone and Baucau and Oecus in the east, apart from Atauro Island.

In Aileu they filmed mass graves which they were told were the result of Fretilin executions in December 1975.

Mr Araujo also interviewed Mario Carrascalao, the new Governor of Timor. He criticised certain aspects of Indonesian behavior but asserted that "there is liberty in Timor" and denied the description of Atauro as a prison island. Mr Carrascalao is the first Governor appointed from the formerly pro-Portuguese UDT Party. His two predecessors were from the pro-Indonesian Apodasi Party.

The team was also refused permission to visit the Comarca prison in Dili listed by Amnesty International as a place in which political detainees are held in degraded and overcrowded conditions.

Mr Carrascalao said he disagreed with the situation on Atauro. He said the concentration of prisoners there had two objectives: "military and humanitarian", and that while he agreed with its military objectives he thought it did not meet its "humanitarian" goals because "it leaves a mark on all who pass through it, including children".

The United Nations Secretary-General, Mr Perez de Cuellar, is due in Portugal soon. He will discuss means of implementing standing UN resolutions on East Timorese self-determination.

GOVERNMENT URGES MORE BUSINESS OPPORTUNITIES FOR BUMIPUTRAS

Kuala Lumpur THE NATIONAL ECHO in English 28 Apr 83 p 3

(Text)

KUALA LUMPUR, Wed. - The government was yesterday urged to require all commercial complexes in the country to allocate at least 30 per cent of their shop lots to bumiputras before applying for certificate of fitness for the building.

The Federal Territory Malay Chamber which made the call felt that the time was now right for such a condition to be imposed to enable more bumiputras to participate in business especially in the city.

At the present several conditions like proper water supply, fire-fighting equipment and lifts should be fulfilled before a certificate of fitness is issued.

The Chamber's committee member, Encik Mat Shah Saluan who is also the President of the Malay Developers Association Malaysia said that the 30 per

cent allocation for bumiputras could also be incorporated in the law.

This was among the many suggestions made by the Chambers during its meeting with the UDA management yesterday.

The meeting was to get the Chamber's views before UDA meets various bodies including the Umno Youth Economic Bureau and the Malay Developers Association.

He said the Chambers also suggested that UDA become a clearing house for the shop lots to bumiputra businessmen and also help provide end-financing.

He added that UDA should first buy over the lots and allow six to 18 months for bumiputras to bid for them.

Only if there were no takers should the lots be sold in the open market or be bought over by UDA to be rented out to bumiputras.

CSO: 4200/579

YOUTH LEADER ON SOVIET THREAT TO ASEAN

Kuala Lumpur THE NATIONAL ECHO in English 28 Apr 83 p 3

[Text]

TEMERLOH, Wed. — Umno Youth leader Encik Anwar Ibrahim has criticised some Malaysians who are taking the Soviet's threat to Asean lightly.

He said that Malaysia did not want to pick quarrel with any country but its people should defend the nation should it be threatened.

Speaking during an open forum organised by the Temerloh Umno Youth last night he said that there were some who said that it was no use for Malaysia to pick up a quarrel with Soviet Union which was a super power.

He stressed that

this was a wrong attitude because as an independent and sovereign nation Malaysia should not allow such threats to go unchallenged.

He called on Umno Youth to unite and be prepared to safeguard the nation's integrity.

Encik Anwar who is also a Deputy Minister in the Prime Minister's Department, said that at present the Malaysian Government had no intention to recall its staff from its mission in Moscow.

However, if the situation warrants, and if the Government feels that the Malaysians there are in danger, then perhaps they would be recalled" he said.

In KUALA LUMPUR, the Persatuan

Jamiah Dakwah Islamiah Selangor and Federal Territory fully supports the Government in facing the Soviet's threat to Asean.

The Federation at its annual general meeting on Sunday also assured its willingness to defend the nation's sovereignty.

The Federation's President, Haji Taiba bin Haji Abdul Rahman said yesterday that the meeting welcomed the Government's move to set up the Islamic Bank and the International Islamic University and also its efforts to inculcate Islamic values in the Administration.

Other decisions taken at the meeting were to cooperate with other Dakwah bodies to collect funds for the Palestinians and the Mujahidin in Afghanistan.

CSO: 4200/579

BRIEFS

**BORDER FENCE WITH THAILAND--Kota Bharu, Wed--**The proposal to fence the Malaysia-Thailand border along Sungai Golok will be discussed again between both parties after the earlier project met with problems. The Kelantan Chief Police Officer, Datuk Haji Abdul Ibrahim Yeop said yesterday that the proposal had to be looked into very carefully as it involved the residents on both sides of the river. Speaking to reporters on the problems of security and smuggling, he said the uneven contour of the river also posed a problem for the fence which was intended to stop smuggling. He said the anti-smuggling unit at Rantau Panjang and Pengkalan Kubur have succeeded in making several arrests and seizures. He said that another post for the unit would be set up at Bukit Bunga soon to cure smuggling and also to ensure security along the East-West Highway. [Text] [Kuala Lumpur THE NATIONAL ECHO in English 28 Apr 83 p 3]

**PENANG MALAYS MAKE PROGRESS--Penang, Fri.--**Penang has achieved 47 per cent Malay participation in business although Malays make up 42 per cent of the State's population, Chief Minister Dr Lim Chong Eu said here yesterday. He admitted that it was a big problem to try to redress the economic imbalance in the State but was happy the Federal Government had taken note of "the things happening in Penang." He said many new policies have been modelled on those of the state. He said overall Malay involvement in the economy has increased over the last 10 years. Dr Lim was answering questions from the floor after addressing a group of business consultants from Australia, Papua New Guinea, Britain, Fiji, Malaysia, Japan, Taiwan, Indonesia, Singapore and Hong Kong. Dr Lim said Prime Minister Datuk Seri Dr Mahathir Mohamad has in his statements tried to energise the Malay population to get them to try to meet their own demands. The response from the Malays has been good. [Text] [Kuala Lumpur THE NATIONAL ECHO in English 30 Apr 83 p 2]

CSO: 4200/579

## OK TEDI GOLD, COPPER PROJECT OVER BUDGET

Perth THE WEST AUSTRALIAN in English 26 Mar 83 p 116

[Text]

**THE Ok Tedi gold and copper project in a remote area of Papua New Guinea near the Irian Jaya border is \$230m. over budget and four months behind schedule, according to the project's general manager, Mr Irwin Newman.**

The main problems are drought, which has made it hard to bring equipment and supplies up the Fly River, and the wild terrain at the mine site.

The area is so remote that bridges, roads, towns, ports and air-strips had to be built through the raw jungle.

Newman said some of the problems encountered could not have been foreseen by his company or the main contractors, Bechtel-MKL.

"An example of this is when we put our original estimates together we anticipated spending \$600,000 to \$800,000 on geotechnical investigations," Mr Newman said.

"In fact we have spent \$6m. — a factor of ten.

"In the case of survey we thought we would spend \$400,000 but we

have spent \$4m.

"It looks like the cost (Overall) could go up 20 to 30 per cent."

One of the biggest cost increases was payments on loans after rises in interest rates, he said.

About 70 per cent of the OK Tedi project is financed through borrowed funds.

"What we hope to do, and we have every confidence we can, is find ways of bringing it back on schedule," Mr Newman said.

"Although the whole of stage one won't be completed we will get into production and start earning revenue."

He still hopes to have production by May next year though parts of stage one will not be completed for a few months after that.

"We have good confidence that the mine and the gold mill will be on schedule," he said.

"Orders were placed on time for material and we now have the area where the gold plant is being built opened up.

"The areas of concern to us are tailings disposal, where we have a large dam to be built. We haven't got access to that area yet. The building of roads is very difficult."

On the future of Ok Tedi, he took great pains to point out that all depended on gold and copper prices when the mine started producing.

"If the price of gold goes down to a certain level then the project would be in severe difficulty," he said.

On profitability, he said: "It's not easy to determine but it's obviously not as good as we anticipated."

Apart from BHP, which has a 30 per cent interest in Ok Tedi, the shareholders are the State of Papua New Guinea (20 per cent), Amoco Minerals Co (30 per cent) and a consortium of German companies (20 per cent).

MAPA INTERVIEWED ON NATION'S ECONOMY

Manila PHILIPPINES DAILY EXPRESS in English 6 May 83 p 5

[Text]

**Q:** HOW much government intervention is necessary in the handling of the economy?

**A:** It varies. When a project needs to be done and the private sector is not willing to invest, then that is when the government steps in.

**Q:** Do you believe that the economy should be left alone as the advocates of laissez faire do?

**A:** The government as much as possible should allow the private sector to do things by itself, but this does not mean that the government should completely fold its hands and do nothing. The government has to respond and intervene depending on the situation. In the early seventies, when the first world oil crisis set in, it was the intervention of government in forming PNOOC that saved us from a more critical and disastrous situation because at that time the Arabs were not willing to supply oil to private firms. They were willing to supply only to government entities. But the government must only intervene in the degree necessary because if it over-intervenes, it would be counter-productive.

**Q:** How do you view economists who create models of how things should be?

**A:** My idea is more on general principles. There is no point in being

that precise and that econometric when you know that you may not be able to do it that way, so why waste time?

**Q:** Regarding the economy, do we have reason for optimism?

**A:** We should see an improvement by the last quarter of this year.

**Q:** Do you see the coming of an age of prosperity?

**A:** Apart from recovery, prosperity will probably come about two years from now.

**Q:** What is your comment on Milton Friedman's statement that he can give solutions to what ails the nation economically but will not be able to do so if he were a President for then he would be a politician?

**A:** The way I look at theories is that they serve as a crutch, a tool for analysis. But you don't make a decision mainly on the basis of theories, because you have to combine so many other elements... Although theories are helpful and essential to me in making analysis, I make my decision based on a combination of theoretical analyses as well as other factors.

**Q:** Do you take public opinion into account?

**A:** You don't make a decision in isolation. When you make a decision you take into account all the economic and political factors. Ultimately, the decision you will make will have

to be in concrete form. You have to accept the fact that paying more regard to this rather than that will have its cost. Then you will have to make a stand because in the real world, while a decision maybe politically unpopular, you might not afford not to make it. In other circumstances, it maybe alright to yield to economic considerations because the consequences may not be that serious, in some cases they may even support each other. If you favor political considerations over economic considerations, then you just have to learn to live with the problematic economic consequences.

**Q: If you can isolate one factor that we need to spur growth, what would it be? Would it be investment or the masive influx of capital?**

**A: Two factors are necessary – order and discipline.**

CSO: 4200/578

AFP CHIEF REVEALS COMMUNIST PLOT AGAINST KKK

Manila BULLETIN TODAY in English 30 Apr 83 pp 1, 8

[Text]

Gen. Fabian C. Ver, Armed Forces chief of staff, said yesterday the military has uncovered a plot by the Communist Party of the Philippines to sabotage implementation of the government's Kilusang Kabuhayan at Kaunlaran (KKK) program in Northern Luzon.

Ver said declassified documents captured by elements of the North Command (Norcom) under Brig. Gen. Alexander L. Felix indicated that the CPP had launched a massive information drive called "KKK contrarevolucionario" (KKK counter-revolutionary).

According to the documents, the CPP hierarchy in Cagayan valley has ordered its military arm, the New People's Army, to devise a plan to counter the AFP's "Oplan Katatakan" program because it is gaining ground.

The documents, Felix said, were captured in an encounter between rebels and soldiers in Cagayan recently.

In one of the papers, the CPP said it had liquidated seven barangay captains and councilmen in eastern Cagayan since Janu-

ary "as a warning to government officials refusing to cooperate with us."

The documents also directed CPP/NPA cadres to use terror as a means to advance the communist revolutionary cause.

Felix said the CPP campaign to foil the government's KKK program and the AFP's Oplan Katatakan "is a desperate move" by the insurgents to keep their mass base.

According to Ver, the KKK program has been accepted by the people as a means to improve their social and economic condition.

The CPP, Felix said, has distributed leaflets entitled "to civil officials: frustrate Oplan Katatakan," referring to the new AFP strategy against insurgency.

The captured documents also exhorted civil government officials to co-exist with the CPP/NPA and to desist from helping the military in the implementation of Oplan Katatakan.

Ver said the CPP-NPA hierarchy is worried about civil officials conducting dialogues with the people in the remote barangays.

## KBL STAND POSES PROBLEMS

Manila BULLETIN TODAY in English 29 Apr 83 pp 1, 16

[Article by C. Valmoria, Jr.]

[Text]

The ruling Kilusang Bagong Lipunan (KBL) is in a quandary.

Deciding to give all registered political parties — even if not accredited in accordance with the Constitution — the rights and privileges of an accredited party, the KBL may find itself a minority on the various election boards, unless some legal measures are adopted.

And even providing for a common representation for all opposition groups will run counter to the KBL decision in a party caucus held in Malacañang last month.

There are 41 registered political parties throughout the country, in addition to seven other parties that were accredited in the 1978 Batasan elections, according to Commission on Elections records.

In Metro Manila, for instance, aside from the KBL, Nacionalista party (NP), Lakas ng Bayan (Laban), and the National

Union for Liberation (NUL), there are 11 other registered political parties or groups, which may be entitled to the same rights and privileges.

If this happens, the 1984 Batasan elections will be the most expensive in the nation's political history. The government will have to pay for inspectors appointed by the various political groups.

These and similar problems are now being thoroughly studied by the Batasan committee on revision of laws, codes, and constitutional amendments, headed by Political Affairs Minister Leonardo B. Perez, to find ways and means of implementing the ruling party's decision.

Perez said his committee is finalizing its proposal on the voting scheme and outlining the duties and responsibilities of the election boards to avoid confusion in the coming polls.

The multiple-party representation in the election boards is something new since the law only pro-

vides that membership in the boards be limited to three public school teachers and one representative each from the two accredited political parties.

In all probability, legal experts said, all opposition parties may be entitled to only one vote in the board, even if each of them are represented in that board, to comply with provisions of election laws.

Aside from the KBL, NP, Laban, and NUL, the other parties or groups registered in Metro Manila are the Lapiang Bagong Silang, Young Democratic party, Partido Bagong Filipino, Partido Sambayanang Pilipino, Emancipated Scientists party, United National and Rural Organizations for Service, Proutist Party of Maharlika, Bagong Lipunan Kilusan ng Nagkakaisang Nacionalista, Liberal, atbp, Integrated Reform Movement, Veterans Democratic Movement for Good Government, and Public Opinion Movement.

VER ORDERS AFP COMMANDERS TO EXERCISE TIGHTER NEWS MANAGEMENT

Manila BULLETIN TODAY in English 30 Apr 83 pp 1, 12

[Text]

Gen. Fabian C. Ver, AFP chief of staff, has ordered all commanders of the AFP's four major services to release to the mass media only those reports about the military's developmental activities like civic action, public assistance projects, and human interest stories.

In a command letter to the Army, Constabulary, Air Force, and Navy dated March 28, Ver also ordered the military commanders to stop issuing statements on the situation of the Communist Party of the Philippines, its military arm, the New People's Army, and the Moro National Liberation Front.

The officers were also asked to refrain from taking along journalists and news correspondents in inspection and investigation trips without prior clearance from his office.

Results of these trips should not be released without prior clearance from the AFP headquarters in Camp Aguinaldo, Quezon city, Ver ordered.

He also ordered that results of trips, inspections, and investigations should be released only after securing prior clearance from the AFP general headquarters in Camp Aguinaldo.

Public statements which tend to create a divisive or negative effect on the AFP or any of its units and personnel should be avoided, Ver ordered.

He said all units should endeavor to establish rapport and cordial relations with the media and general public in words and deeds.

All AFP units should assist the media in getting posthaste the factual information in order to avoid exaggerations and sensationalism, Ver said.

Ver said the directive was issued because "of late, there has been a score of newspaper accounts wherein the military establishment and some of our major units and personnel are put in a bad light."

"Sometimes," he said, "the releases of (the) major service and field commanders carry conflicting versions of the same incident. Even the way some news reports are written are divisive and tend to create a wedge between and among units and personnel."

Because of these observations, Ver asked the commanders to be more prudent in releasing information to the media.

Sources said this "virtual regimentation of news about the military" was the latest move to supplement efforts of AFP offices concerned with "winning the hearts and minds of the people under 'Oplan Katatagan.'

CSO: 4200/589

GOVERNMENT REITERATES SUPPORT TO NAMIBIA

Manila PHILIPPINES DAILY EXPRESS in English 30 Apr 83 pp 1, 7

[Text]

PARIS, April 28 — The Philippines pledged here today continued assistance to Namibia to support its struggle for independence from the Pretoria regime in South Africa.

Ambassador Felipe Mabilangan, speaking at the ongoing International Conference in Support of the Namibian People for Independence, here, also condemned Pretoria's disregard for the UN Plan for the Independence of Namibia as he called for the imposition of stricter sanctions against South Africa.

Mabilangan said the Philippines will continue to give contributions to the UN Fund for Namibia, the Institute of Namibia in Lusaka, the UN Educational and Training Program for Southern Africa, and the Solidarity Fund for Southern Africa established by the Non-aligned Group in Colombo in 1977.

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HE CITED the Philippine policy of a full boycott in trade, tourism,

sports, and cultural exchanges with South Africa to protest the illegal occupation of Pretoria and its oppression of Namibians.

Mabilangan said the Philippines, as a signatory to the UN Charter and former colony itself, has always sided with the oppressed peoples of Namibia and Southern Africa.

The Philippines supports the unconditional implementation of Security Council resolution endorsing the UN Plan for the Independence of Namibia, Mabilangan said, adding that the South West African People's Organization must be the lone representative of the Namibian people.

Calling for "comprehensive and mandatory sanctions" against South Africa, Mabilangan noted that Pretoria's disregard of the UN cannot be condoned "unless we are to abdicate our duty and responsibility to the Namibian people."

Mabilangan said a final document to be prepared at the end of the conference must relay to South Africa that it cannot persist in its violation of the UN charter by continuing its illegal occupation and actions.

CSO: 4200/5d8

SOCIAL ILLS ASSOCIATED WITH U.S. BASES DECRIED

Manila PHILIPPINES DAILY EXPRESS in English 30 Apr 83 p 4

[Editorial]

[Text]

**R**ECENTLY, a US Navy officer issued a memorandum against Filipino workers who allegedly "pick up anything that is not nailed down." He alerted US Navy personnel that all Filipino workers in Subic naval base are thieves who should be watched like prisoners of war and escorted even to the men's room.

This opinion maybe the prevailing belief of many other officers and men of the US Navy. As if to indicate this, the American movie "An Officer and a Gentleman" portrayed Filipinos living near the US naval base as thieves and pickpockets.

There maybe theft cases involving Filipinos, but these do not warrant a sweeping condemnation of the Filipinos.

The trouble with some Americans is that they always look at themselves in the mirror as knights in shining armor whose role is to protect the people of the countries where they have military bases. Their condescending attitude towards their hosts appears to be an expression of their superiority complex which works against their expressed desire of establishing harmonious relations with their hosts.

There have been several instances when some US officials, businessmen and journalists uttered statements and acted as if they were telling us what to do. This propensity to unduly interfere with our internal affairs is probably due to the fact that we were once a colony of the United States and that some Americans still consider us as a colony and, therefore, not their equal.

It is true that the Philippines has gained some military and economic benefits from Clark air base and the Subic naval base. But the country is also facing problems due to the presence of American military bases here.

For instance, Philippine Ambassador to the United States, Benjamin T. Romualdez has singled out the "unique social problems" brought about by the US military bases. This is one of the major issues which the Philippine panel in the coming review of the RP-US military bases agreement will present to the American panel.

The American military facilities have spawned serious problems of graft and corruption and other crimes, drug abuse, prostitution, venereal disease, health and sanitation and abandoned children of unwed mothers. Worst of all, they have eroded and corrupted the social and moral values of the Filipinos.

Ambassador Romualdez should be congratulated for focusing on these social ills. Having been instrumental in causing these maladies, the United States should bear the responsibility of sharing the effort and cost of stopping or curving them.

Surely, these problems are graver than that of thievery or pick-pocketing.

CSO: 4200/588

COLUMNIST COMMENTS ON KBL ASSEMBLY TICKET

Manila BULLETIN TODAY in English 28 Apr 83 p 4

[Article by Jesus Bigornia]

[Text] A dozen slots in the Kilusang Bagong Kipunan's Metro Manila ticket for next year's Batasan Pambansa elections are up for grabs. Of the 21 incumbent members of the assembly from the National Capital Region, only nine appeared ripe for a comeback via official party nomination. The rest have reportedly failed to size up to popular acceptance and performance through six years of service in the law-making body. Ruling party circles say some of the aging and infirm are due for the discard bin.

It develops that an "independent public opinion survey" was authorized by party leaders to test popular reaction to again fielding the President's Men in the 1984 hustings. Although the results of the poll were not unexpected, they are causing political ripples spreading throughout the country. Some assemblymen who believe they performed creditably are not happy with the ratings received. It appears that media, print and broadcast, failed to record their achievements adequately.

Deserving more than passing interest are the results of the poll conducted among voters in the National Capital Region. As expected, First Lady and Human Settlements Minister Imelda R. Marcos topped the list. Following closely on her train was Foreign Minister Carlos P. Romulo. The gap between the leaders and the rest of the team is reportedly so broad, Kilusang Bagong Lipunan leaders are now scrounging for faces to put for election in 1984. To a suggestion made in jest to make the outstanding technocrats in the Marcos administration stand for election was greeted by the groans of local leaders.

CSO: 4200/587

PHILIPPINES

BANK APPROVES ACQUISITION OF FINANCE FIRM

Manila THE PHILIPPINES DAILY EXPRESS in English 30 Apr 83 pp 9, 11

[Article by Samuel V. Senoren]

[Text] AYALA International Finance Ltd. (AIFL), a deposit-taking subsidiary of the Ayala group in Hongkong, has filed a HK\$48 million (about \$7 million), collection suit against ailing Carrian Holdings and its managing director George Tan.

In a case filed with the Hongkong courts last Wednesday, AIFL claimed that Carrian failed to repay a loan it originally granted on June 17, 1982.

The Carrian loan from the AIFL was guaranteed by Tan who was included in the suit because he failed to keep his guaranty for the company.

The original loan was HK\$50 million but this was reduced to HK\$48 million when Carrian paid HK\$2 million sometime later.

AIFL sent Carrian a demand letter last March 17 and to settle the debt within 21 days.

In its suit, Ayala said that "wrongfully and in breach of its obligations under the agreement Carrian has failed to repay AIFL."

Carrian's failure to settle its obligations with AIFL has put a strain on its financial condition.

But Bank of Philippine Islands officials said the problem would be resolved with the acquisition of AIFL by BPI.

The BPI board of directors approved last Wednesday a plan to acquire full control and ownership of AIFL as part of its unibanking structure. AIFL will be renamed Bank of the Philippine Islands International Finance Ltd. (BPIIFL).

CSO: 4200/588

## PRESIDENT GRANTS LABOR BENEFITS

Manila PHILIPPINES DAILY EXPRESS in English 2 May 83 pp 1, 6

[Article by Miguel Genovea]

[Text]

**PRESIDENT MARCOS** granted yesterday a package of benefits to workers as he called on the labor sector to support the government's efforts to redistribute the fruits of economic development.

Speaking at the Labor Day celebration at the Folk Arts Theater, the President also directed the Bureau of Internal Revenue to study the possibility of exempting cost of living allowances given to employees receiving not more than P1,500 monthly, exclusive of such allowance, from taxation.

A decree being prepared to this effect also proposes the exemption of retirement benefits, pension and gratuities, from taxation.

If granted this year, the exemption will take effect for taxable year 1983.

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**OTHER DIRECTIVES** issued by the President:

- The creation of the employee-management committees in all government-owned or controlled corporations and employee-management consultative council in the Civil Service Commission to provide a workable grievance machinery for government agencies.

- Setting aside P5 million by the National Housing Authority, the Ministry of Human Settlements and the Ministry of Trade and Industry

to provide housing for workers in the export processing zones.

- Establishment by the Ministry of Labor and Employment of a livelihood and employment center in Negros Occidental with a special fund of P4 million.

- Appropriation of P15 million from the reserves of the State Insurance Fund by the Employees Compensation Commission, Social Security System and the Government Service Insurance System to assist hospitals in establishing physical rehabilitation units for disabled workers and soldiers entitled to physical rehabilitation services.

- Establishment of a one-stop documentation and processing center for overseas workers to hasten the processing of such workers. At present, processing of workers is done in seven offices.

- Acceleration of welfare services to overseas workers.

- Directive to the administrator of the Social Security System to conduct actuarial studies to upgrade further the pension benefits of retirees.

- Setting of policies and guidelines for the implementation of KKK-Ministry of Labor and Management livelihood programs.

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IN ORDERING the study of

Exempting the cost of living allowances and other benefits from taxation, the President noted the adverse effect of the current inflation on the purchasing power of the workers' earnings.

"Such adverse effects on the earnings of the low-income groups can be minimized by exempting the cost of living allowance from income tax," the President said.

While reiterating his pledge to work for the welfare of the working man, the President called on the labor sector to support the government's effort to redistribute the fruits of economic development.

The President said such move is a more realistic effort to uplift the lot of workers than any measure that can be adopted by the government or any of the industries under the present economic climate.

To enhance the welfare services for overseas workers, the President directed the MOLE and the ministries of foreign affairs and justice to:

- Institute through the welfare fund for overseas workers, a system of gratuity for workers permanently disabled.

- Institute an annual Bagong Bayani Awards for exemplary service or performance of Filipino overseas workers and to organize a foundation for the purpose.

- Organize families of overseas contract workers into family circles for productive income-generating and socio-cultural endeavors in coordination with other concerned agencies.

- Establish a summary system for adjudicating overseas employment cases to settle them expeditiously and judiciously.

- Require the proper briefing of workers about their overseas work conditions, the laws, customs and practices of the receiving countries, and their responsibilities as workers and Filipinos in a system of pre-departure orientation.

- Ensure that only those with valid employment contracts duly processed by MOLE are allowed to leave for overseas employment, on the basis of which their departure shall be given due course by the Commission on Immigration and

Deportation.

- Establish a special unit to attend to the interests of female overseas workers in coordination with appropriate agencies.

- Establish model employment contracts compatible with the rules and regulations of receiving countries to ensure the best possible terms and conditions and enforceability of employment contracts of Filipino workers.

- Establish, together with the ministries of foreign affairs, health and justice, simplified and direct authentication process for documents of overseas workers to assure faster deployment.

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IN ANOTHER directive, the President ordered SSS Administrator Gilberto Teodoro to look into means of upgrading pension benefits without any increase in contribution from covered employers and employees, to protect the retirees from the ill-effects of worldwide inflation.

The President also announced the appointments of Jacinto Tamayo as member of the National Wages Council, representing labor; Avelino Valerio as member of the Welfare Fund Board of Trustees, representing labor; Zoilo de la Cruz as member of employees Compensation Commission, representing employees, and Claudio Tolo as member of Home Development Mutual Fund Board of Trustees, representing the private sector.

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AT THE Araneta Coliseum in Quezon City, labor leaders affiliated with the Kilusang Mayo Uno sought what they called the restoration of the worker's right to strike.

They asked for the removal of what they called undue restrictions on the worker's right to strike by repealing Batas Pamhansa Blg. 130 and 22 and Resolution No. 473.

Other demands of the KML were:

- Incorporation of the cost-of-living allowances to the worker's basic pay and substantial across-the-board wage hike.

- A cut in the prices of basic commodities.

- A halt to mass lay-off and rotation of employees.

DEPOSIT INSURANCE CORPORATION UNDER MAJOR REVAMP

Manila PHILIPPINES DAILY EXPRESS in English 1 May 83 p 12

[Text] A MAJOR overhaul of the Philippine Deposit Insurance Corp. (PDIC) is underway that includes the reconstitution of its governing board and top management structure.

The PDIC revamp was ordered by the President through Executive Order No. 890 issued recently.

Under the new setup, the governing board of the PDIC will be composed of three members, with the governor of the Central Bank as chairman.

The two other members are the deputy Minister of Finance as may be designated by the Minister of Finance, and the president of PDIC.

It means that CB Gov. Jaime C. Laya will be named shortly chairman of the PDIC. The incumbent chairman is Luis Tirso Rivilla.

The order provided that if the CB governor is unable to attend a meeting of the PDIC board, a deputy governor of the CB may be designated by the governor to act as a member of the board.

The revamp is expected to be completed within the next six months from April 8, 1983 when EO 890 was signed.

It was pointed out that after the six-month period all positions in the PDIC will be declared vacant and all those not reappointed will be laid off.

Moreover, no extension of the term of office of those who are appointed for a definite period will be allowed, EO 890 stated.

ASIDE from making the CB the PDIC chairman, EO 890 also provided stiff qualifications for the PDIC president.

The order provided that the PDIC president shall be of "good moral character and of unquestionable integrity and responsibility."

Furthermore, the PDIC president should have recognized competence in economics, banking and finance, law, management administration or insurance, the EO stated.

In the past, Laya has said that he also favored a proposal of the Reorganization Commission that the PDIC be placed under the direct supervision of the CB.

He pointed out that such a setup will facilitate matters because the PDIC always goes to the CB for help everytime a bank gets into financial trouble.

CSO: 4200/588

WORLD BANK LOAN REPORTED AT \$302 MILLION

Manila BULLETIN TODAY in English 30 Apr 83 p 24

[Text]

A \$302.3 million loan was approved by the World Bank the other day for the Philippines to help continue an economic structural adjustment program in the economy, the WB announced yesterday.

The bank said in a statement that the structural adjustment program calls for reforms in trade, energy and industrial investment incentives policies. They will be combined with plans for an industrial development program and the expand the role for market forces.

The loan is for 20 years, including a five-year grace period. It will have an annual interest rate linked to the cost of borrowing of the WB and includes minor yearly commitment charges, the WB said.

Proceeds of the loan, \$200 million of which is immediately available for disbursement by the Philippine government, will be used to finance the importations of machinery and equipment for energy projects, industrial undertakings and related enterprises.

This is the second structural adjustment loan granted by the WB to the Philippines. The first one, \$200 million granted in 1981.

Together with the \$550 million in new credit facilities obtained from the International Monetary Fund, a sister institution of the WB, the \$300 million structural adjustment loan, will largely help alleviate the country's balance of payments position, which incurred a deficit of over \$1 billion last year.

Among the policies already in place to support the structural adjustment program in the economy include the program to liberalize the tariff structure and reduce import restrictions, lifting of the ceilings on interest rates both for deposits and loans, an energy development program calculated to bring down dependence on imported oil from 88 per cent in 1973 to 60 per cent in 1987.

A reform of the system of investment incentives is underway with the signing into law by the President of the new incentives act. The new system will involve changes in the structure of fiscal incentives based on production and export performance and not exclusively on the size of the initial investments.

CSO: 4200|589

WORLD BANK LAYS SLOW AGRICULTURE GROWTH TO RAPID FUND SHIFT

Manila BULLETIN TODAY in English 29 Apr 83 p 24

[Excerpt] A five-man World Bank mission said yesterday the slow growth of the country's agricultural sector is basically caused by the rapid outflow of financial resources from agriculture to industry.

The mission is here to review the Philippine agricultural policy in respect to pricing, marketing and distribution. It is composed of Peretz Ram, Christine David, Don Mitchell and Dr. A. Ringling. They are here upon the invitation of the government.

In a closed-door meeting with members of the National Food and Agricultural Council (NFAC) yesterday, the mission observed that the transfer of resources from agriculture to in-

dustry has been noted for several years. This in turn squeezes farmers' credit sources.

Manuel Rotea, national president of the Agrarian Reform Beneficiaries association (ARBA), quoted the mission as saying that the government put more incentives to industries rather than in agriculture.

Rotea said that the World Bank criticized the pricing policy, including the incentives, as "conflicting" on the ground that the policy is protecting much the consumer instead of the farmers.

He said that there is no question with what the World Bank observed except that it did not magnify the extent of the transfer of resources. "How big is the outflow of re-

sources?" he asked.

The transfer of resources from agricultural to industrial activities hinders the growth of the Philippine economy, particularly during recession when several companies become distressed, he added.

Earlier, the mission pinpointed the slow implementation of agricultural projects in the country, particularly those funded by the World Bank.

It claimed that the Philippines cannot avail of the loan commitment on time since the country is "slow" in the implementation of the projects.

Agriculture Assistant Secretary Domingo Panganiban, director of bureau of plant industry, dis-

CSO: 4200/589

POLICE COLUMNIST REPORTS AFP CANNIBALISM

Manila BULLETIN TODAY in English 6 May 83 p 36

[Article by Ramon Tulfo]

[Text]

An exclusive report filed by People's Journal's Jerry Esplanada about militiamen in Valencia, Bukidnon eating the flesh of people they suspected to be sympathizers or members of the New People's Army (NPA) beats everything. We have heard or read about robberies, killings, and even rape committed by some government troopers — isolated cases, we would like to emphasize — but government men becoming cannibals? If the NPAs and the MNLFs have become savages in fighting for their cause, the government should not stoop down to their level by employing savages in its ranks. It cannot win the citizens' sympathy that way.

\* \* \*

The militiamen which partook of human flesh should immediately be disarmed, flown to Manila, and confined at the National Mental hospital. And those soldiers who abetted cannibalism by not stopping the persons who are eating human flesh should be dismissed outright. For a start, authorities should zero in on the officers and men of the Army's 23rd infantry battalion based in Valencia town. Arsenio Ferrera, chief of the beleaguered militia, has pointed to them as having given his group sanctions to commit abuses.

\* \* \*

The last time we heard about Col. Rodolfo Hermosura, former Aklan PC provincial commander, he was "floating." This means he wasn't holding a key position or an office of influence. He's best left that way until he retires whenever that will be. You see, this officer abused the power he once wielded in Aklan. Ask any resident in the province. He will tell you that Colonel Hermosura, who was assigned there until the middle of last year, formed a Mafia-type group which ran big-time gambling joints in Kalibo, the province's capital.

The group, feared by Hermosura's own men and the local police, so got itself entrenched some of its members killed the assistant provincial commander who got in the way of the syndicate. Several killings, then unsolved, were attributed to Hermosura's men. There were even rapes. Some Aklan residents shudder when they recall those days last year when Hermosura's "lost command," actually composed of goons from Cavite and Mindanao, lorded it over that Western Visayas province.

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Pedro Mendoza, the no-nonsense former deputy customs commissioner and chief of the national customs police, is back. Not at the customs, but as technical assistant for police and security matters at the office of the chief of the Manila International Airport Authority (MIAA), an agency tasked with keeping order at the country's premier airport. Appointed April 1, Mendoza has launched a drive to keep armed men, civilian or uniformed, out of the MIA terminal building. So far, he has disarmed a PC soldier who was lobbying for the release of a cargo at the airport's cargo terminal, and a customs policeman who entered the terminal building armed without proper authorization. "You see, nobody is allowed to carry firearms, not even Avescom troopers, inside the terminal building. The troopers are only allowed to carry their firearms at the ramp area (where the planes land)," says the Filipino Charles Bronson look-alike. He says he will carry out to the letter the ban on the carrying of firearms inside the MIA. Good luck, Pete.

CSO: 4200/578

SAN MIGUEL CORPORATION CHAIRMAN BECOMES COCOBANK EXECUTIVE

Manila PHILIPPINES DAILY EXPRESS in English 6 May 83 p 10

[Text]

**ANDRES Soriano Jr.**, chairman and chief executive officer of San Miguel Corp., announced yesterday that he is accepting the invitation of the United Coconut Planters Bank (Cocobank) to join its board of directors and become vice-chairman.

In a short statement, Soriano said he was "please and honored to accept," subject to approval of government authorities, the position of vice chairman of the bank."

The SMC head had been invited by Cocobank directors through bank president Eduardo Cojuangco Jr. to sit in the board. The bank's chairman is Defense Minister Juan Ponce Enrile.

Aside from SMC, Soriano who is Wharton-educated, already heads Anscor Capital Corp., a local

merchant bank.

**AS TO** Cocobank's subscription offer to SMC for its newly issued preferred shares, Soriano said this would be submitted to the SMC board for evaluation and appropriate action when it meets on Monday.

Soriano's acceptance of the Cocobank invitation has been interpreted as an indication that the SMC board would take the bank's preferred shares offering.

Soriano's group holds the majority in the SMC board.

With its imminent entry into Cocobank, SMC breaks away from a tradition of non-involvement in banking. This is the first time that the food-and beer company ventures into commercial banking -

an area that had been the exclusive domain of Soriano's relatives.

**SOURCES** say that SMC has been looking around for a suitable banking partner since Soriano's relations with his traditional bankers went sour last year.

SMC's tie-up with Cocobank is expected to considerably increase the bank's resources.

SMC generates an average cash flow of about P450 million a month.

GOVERNMENT CLARIFIES AGRARIAN REFORM POLICY

Manila BULLETIN TODAY in English 28 Apr 83 p 10

[Text]

Landowners whose tenanted rice and corn lands are covered by agrarian reform are entitled to additional payment on the improvements they have introduced in these lands, provided it is within the coverage of the area to be transferred to their tenants.

Agrarian Reform Deputy Minister Benjamin R. Labayen issued the clarification over the weekend in response to numerous inquiries coming from landowners affected by Operation Land Transfer (OLT).

Labayen said these improvements include roads, irrigation canals, storehouses, and other infrastructures.

However, Labayen explained that these improvements must be presented at the first stage of land valuation or during the landowner-tenant production agreement, where landowner and tenant haggle on the price of the land or its inclusion in the computation.

He said this will also give the tenant a chance to know the additional burden he has to shoulder.

The deputy minister also explained that in cases where the property is not totally covered by OLT, the segregation of the tenanted portion shall be surveyed by the bureau

of lands based on a memorandum agreement signed by the MAR, BL, Land Bank, and the Land Registration Commission (LRC).

He said a licensed geodetic engineer is also authorized to do the job in the presence of a MAR representative and provided that the landowner will shoulder the expenses. He added that this subdivision plan must be approved by either the BL or the LRC.

There are cases where a survey made by the BL is greater than the area indicated in the title. If this happens, Labayen said land compensation shall be based on the area indicated in the title.

If, however, the area surveyed is less than the area in the title, the landowner can claim payment for the difference in area based on his title.

In the retention scheme, Labayen said the guideline in retention specify that a landowner may keep seven hectares for himself provided he does not fall under any of the following categories:

1. He owns other agricultural lands above seven hectares.
2. He owns real property, whether residential, commercial or industrial with an assessed value of P100,000 from which he derives adequate income.

PHILIPPINES

CAGAYAN VALLEY MAPPING PROJECT COMPLETED

Manila BULLETIN TODAY in English 28 Apr 83 p 12

[Text] A five-year mapping project, considered a breakthrough in the planning of major infrastructure projects in the Cagayan Valley, has been completed. It is expected to speed up the economic and industrial development of Cagayan Valley.

The Cagayan Valley mapping project is a joint undertaking of the governments of Japan and the Philippines.

Japanese Ambassador Yoshio Okawa turned over five 72-sheet topographic maps to Defense Minister Juan Ponce Enrile at Camp Aguinaldo.

Jointly undertaken by the Japan International Cooperation Agency (JICA) and the Bureau of Coast and Geodetic Survey (BCGS), the project provided for the training of BCGS personnel in aerial triangulation, stereo-plotting and map compilation.

Produced on a scale of 1:25,000, the colored maps covered about 11,400 square kilometers of the total land area of the provinces of Isabela, Cagayan and Kalinga Apayao and required some 100,000 days to complete. Earlier, ortho-photo maps were turned over by former Japanese Ambassador Tanaka to Defense Minister Enrile last year.

"I hope that these maps will provide the basic information essential in the planning of various socio-economic projects in the region," Ambassador Okawa said.

Japan has assisted the Philippine government in the establishment of the development-oriented projects in Cagayan Valley, such as the Cagayan Integrated Agricultural Development Project, Cagayan Valley Electrification Project and the Matuno River Irrigation General Project.

CSO: 4200/587

KBL URGES OPPOSITION TO USE 'EQUAL RIGHTS' IN ELECTIONS

Early Preparation Urged

Manila BULLETIN TODAY in English 28 Apr 83 pp 1, 13

[Text]

Leaders of the ruling Kilusang Bagong Lupunan (KBL) urged the opposition yesterday to start preparing this early for the election of members of the regular Batasang Pambansa in May next year.

They said that if the opposition is really sincere and earnest in participating in a political exercise in which it has a fair chance for "survival," it should not ask for more and should field candidates.

"With the KBL decision to grant equal rights to all political parties for purposes of the 1984 elections, the opposition should now stop imposing unreasonable demands," KBL Batasan spokesman and Information State Minister Jose T. Tumbokon said.

The KBL Batasan,

spokesman noted that some opposition sectors have been making unrealistic demands to pollute the Commission on Elections with partisan representation, return to the old presidential system, and restore the position of vice president, among others.

Tumbokon said the grant of equal rights to all political parties is about the most logical step the ruling party can take under a national leadership that "is earnest in fortifying our democratic institution and giving it more balance and stability."

"There should be no more room for it to engage in another boycott like what a bloc did in the 1981 presidential election, now that under a KBL proposal all political parties would have equal rights at the polls," he said.

Tumbokon said the KBL decision in its last party caucus "removed, once and for all, the usual doubt over clean, free, and orderly elections as all parties would be represented in the boards of inspectors, registration, and canvassing, and furnished official copies of election returns."

He said the KBL in the Batasan will see to it that in the next session the party decision will be implemented with the passage of an Election Code that will give equal rights to all registered political parties for purposes of next year's election, even if they are accredited.

"With the Election Code giving equal rights to all parties, by no stretch of the imagination can the opposition find any excuse for shying away from the polls, unless, of course, the opposition leaders will concoct advance excuses for a repeat of the boycott," Tumbokon said.

'Equal Rights' Refuted

Manila BULLETIN TODAY in English 28 Apr 83 pp 7, 14

[Article by Oscar F. Santos]

[Text] In a recent statement, Political Affairs Minister Leonardo B. Perez averred that "all registered political parties will enjoy whatever rights and privileges, including block voting, that the new Election Code will extend to the KBL for purposes of the 1984 election."

Easily, this is construed to mean "equal rights for all parties in 1984."

To assume "equality" in an electoral contest with the ruling party is however deluding and, therefore, deceptive.

The realities of the recent electoral campaigns are much too clear to be ignored.

First: election by region is too expensive. Millions of pesos are needed to win majority of the 2,000,000 voters or so of each region. No one party can raise these much election fund other than the party in power. The opposition parties have been too decimated, resource-wise that even if accredited they will definitely not be on equal footing with the KBL.

Second: Mass media is managed by the KBL. All the news dailies and radio-TV stations are owned and/or controlled by KBL party leaders. Even granted "equal time" and "equal space" the opposition parties will not have the same media exposure of "clout" that the KBL Party will have. The propaganda edge is definitely on the side of the KBL.

Thirdly: The barangays as grass roots political units are creations of the administration and are by simple logic controlled and financed by the party in power. In fact the head of the Ministry of Local Governments and Community Development which controls barangay affairs is the Secretary-General of the KBL. Thus, this exalted official has power and authority over barangay officials who are under the election code, members of the various precinct-level electoral committees. Add the Comelec deputies, whose appointments are in the hands of the KBL, and one gets a microcosm of politics in the country being preponderantly in favor of the KBL candidate. Readily, block-voting becomes a devise to definitely favor the KBL.

Fourth: Government ministries and agencies are duty-bound to help the KBL win the electoral game.

Every minister is part of the Assembly--elected or not. That is the new structure of government. Hence, each of these ministers have to use his office for the furtherance of the KBL election plan. Thus, "pork barrel" projects through the Ministry of Public Works, health care and free medicines through the Ministry of Health, doleouts to barangays through the MLGCD, military help through the Ministry of Defense, and so forth. Presumably

independent bodies like the Comelec, are just as well requested if not outrightly instructed to help make the KBL candidates win. And certainly, these ministries are also the KBL's sources of election funds, aside from private businessmen whom the KBL helped with government funds and favors who are ready contributors to the KBL campaign chest.

Thus, it will be seen, that opposition demands for a fair and clean elections cannot be satisfied by the mere devise of declaring that all parties which wish to participate in the 1984 assembly elections will be accredited.

Something more is needed to make the elections "fair" and rights "equal."

This "something more" can be concretely spelled out through the following:

The government must:

1. Remove block-voting;
2. Reinstate elections by district;
3. Allow opposition parties to flourish;
4. Limit campaign expenses;
5. Purge the present voters' lists;
6. Revamp the COMELEC;
7. Ban barangay officials from appointment as COMELEC deputies;
8. Stop military intervention in electoral contests;
9. Stop the use of goons and flying voters during elections.

The citizens for their part must:

1. Establish a quick and clean count mechanism within their respective precinct, or towns, or cities, provinces, etc.;
2. Be vigilant in their efforts to stop "flying voters and registrants"; and quick in their denunciations of frauds;
3. Uphold their rights of suffrage, their free choice, against all forms of corruption from any source whatsoever.

#### CONCLUSION

To reiterate: the rationale of politics is victory. For the KBL to guarantee "equal rights" to opposition parties would be like Muhammad Ali, in his prime, with one hand tied behind his back which is an absurdity.

The KBL would be more credible if it can guarantee peaceful, honest and clean elections through the above propositions. Less than this, the freedom of suffrage is a mockery.

SAN MIGUEL CORPORATION REPORTS PROFITS INCREASE

Manila BULLETIN TODAY in English 27 Apr 83 p 14

[Text]

San Miguel Corporation (SMC) made a net income after tax of ₱310.6 million last year from gross revenues of ₱5.48 billion.

This reflected an improvement of 9.7 per cent in profit and 4.7 per cent in gross sales.

In an annual report to stockholders released yesterday, Andres Soriano, Jr., chairman and chief executive officer and Ernest Kahn, president and chief operating officer, said that wide-ranging cost reduction program effected last year coupled with productivity improvement at all operating levels dampened the pressure on revenues brought about by rising operating expenses, additional taxes and "inelastic" pricing.

The company's report had Soriano on the cover and highlighted its various agribusiness projects — corn, coffee, soybeans, ramie, poultry, dairy and cattle, hogs, shrimps, and feeds — in the inside pictorial pages.

Net income per com-

mon share increased to ₢2.94, of by 9.7 per cent over the previous year's ₢2.68.

The company paid cash dividends totalling ₢147.88 million compared to ₢141 million in 1981, or an increase of ₢6.75 million.

Soriano and Kahn noted that beer sales volume increased last year as a result of aggressive marketing efforts. Sales from the Magnolia division likewise went up as a result of new products introduced into the market and improved distribution network.

During the year, a total of ₢162.7 million representing 52 per cent of net earnings was reinvested by SMC in the business.

Net worth of the company stood at ₢3.22 billion. SMC also reported it paid a total of ₢1.27 billion in taxes, an increase of ₢214 million over those paid the prior year as the company felt the full impact of the 100 per cent increase in the specific tax for beer.

Current assets stood at ₢2.3 billion against

current liabilities of ₱1.06 billion for a working capital ratio of 2.15 from 1.78 in 1981. Its debt-equity ratio was calculated at 1.17 to 1 and SMC said it was well within the limits set by itself and by its lenders.

SMC cited several agri-business projects in its pursuit of the national aspiration for self-sufficiency in food. These projects included the launching of two yellow corn varieties (SMC 101 and 121) and one corn variety (SMC 102) under the SMC Hi-Yield brand. These seeds are accredited for inclusion in the Massagana Program by the Seed Board of the National Food and Agriculture Council.

The company's shrimp culture farm in Calatrava, Negros Occidental, at the

same time achieved a major advance that promises to raise significantly the yields of the Philippine shrimp industry. Preliminary tests conducted in intensive grow-out ponds showed highly favorable results in terms of higher production and shorter crop cycles.

Continuous improvement of the coffee plantation in Bukidnon was also undertaken to build competitiveness in the coffee business. An interim processing plant became operational in September to process green beans of the Robusta variety.

The company noted that revenues from its export operations improved as export of furniture, ramie products, coffee beans and handicrafts increased substantially.

CSO: 4200/587

PHILIPPINES

INDUSTRY ALARM REPORTED OVER INVESTMENTS BOARD, PHILSTEEL HEARING

Manila BULLETIN TODAY in English 27 Apr 83 p 15

[Text]

The local galvanizing industry has expressed apprehension over the conduct of a public hearing called recently by the Board of Investments (BOI) to consider the application of Philippine Steel Coating Corporation (Philsteel) under the 1983 investments priorities plan (IPP).

Industry sources said the hearing on Philsteel's long standing request to include its activities under the 1983 IPP caught them with little preparation.

BOI governor Federico Borromeo presided on the hearing and asked the parties con-

cerned to submit their respective position papers. According to Borromeo, Philsteel's request can still be considered under the 1983 IPP even if it has been already approved by President Marcos.

It was gathered that an amendment to the 1983 IPP can still be worked out once Philsteel's request has been favorably acted upon.

Local firms engaged in the roofing, galvanizing, pre-painting and roll forming industry have argued that Philsteel's petition cannot be considered since the industry is already overcrowded.

It was also gathered that the local industry objected to Philsteel's application since its inclusion under the 1983 IPP can pave the way for the multinational's benefit of incentives covering patents, tax exemptions and even anti-dumping.

CSO: 4200/587

## FOOD MINISTER EXPLAINS NEW FOOD TAX

Manila PHILIPPINES DAILY EXPRESS in English 6 May 83 pp 1, 3

### [Text]

THE National Food Authority (NFA) said yesterday the licensing of food businessmen beginning July this year will "rebound to the benefit of the industry and is unlikely to affect food prices."

Food Minister Jesus Tanchanco told the *Express* that NFA's regulation of food trading is intended to rationalize the development of the industry and guide businessmen on appropriate areas for investment to prevent overcrowding and undue competition in the different lines of food business.

The NFA boss issued the statement in response to an *Express* story on the NFA move to slap application and licensing fees ranging from a low of P10 to a high of P1,000 on enterprises engaged in the trading, processing, manufacturing, hauling, storing, exporting, importing and indenting of food products beginning July this year.

An order implementing Presidential Decree No. 1770 prepared by the NFA calls for the mandatory listing and registration of food dealers from the biggest enterprises to the smallest corner stores and imposition of fees on these establishments.

TANCHANCO said that at present, there is no single government agency which directs its concern on the food industry in its totality while ensuring stable supply and prices.

Most agencies which issue permits and collects fees from food businessmen, Tanchanco added, are concerned mainly with the quality of their products.

He also claimed that the fees to be collected by the agency are very minimal to affect food prices, adding that "the services that we will render the industry will more than compensate for the small fees that the NFA will collect."

He cited for instance that under the regulatory functions of the NFA, other food groups will be able to avail themselves of the low interest loans under the quedan financing program.

He said the NFA can also act as intermediary of the various food sectors with the government, citing a case wherein the agency was able to reduce the gross sales tax from 10 percent to five percent imposed on bakers.

Through NFA, he added, grain haulers were exempted from the truck ban in Metro Manila and were also given priority in fuel allocations.

CSO: 4200/578

LONDON FIRM INVESTS IN LOCAL FINANCE COMPANY

Manila PHILIPPINES DAILY EXPRESS in English 3 May 83 p 9

[Text]

A LONDON-based securities firm is buying into a local finance company as part of an investment program in the Philippines.

Towerhill Securities Ltd. of London said it will take a 10-percent share in Omnibus Finance after an eight-month negotiation. The amount involved was

not disclosed.

But Towerhill chairman Philip Dews said the tie-up with Omnibus will open the local financial market to "greater opportunities" considering Towerhill's reach in the world's capital markets.

DEWS, said that Towerhill's international connections and corporate goodwill

could also help link the Philippines to the rest of the world market.

The tie-up with Omnibus Finance will provide the initial vehicle in helping boost the competitiveness of local products in the world market together with the products of its Asian neighbors like Thailand, Indonesia and Malaysia, Dews said.

CSO: 42001570

PHILIPPINES

LAUREL ADDRESSES SORSOGON OPPOSITION RALLY

Manila PHILIPPINES DAILY EXPRESS in English 3 May 83 pp 1, 6

[Text] OPPOSITION leaders yesterday blamed the administration for the country's present economic and peace and order situation in a rally at the Plaza Bonifacio in Sorsogon, Sorsogon.

In a press statement issued by the United Nationalist Democratic Organization, former Sen. Salvador H. Laurel, UNIDO president, led the opposition attack on the issues of graft and corruption, foreign control of the economy, immorality in the conduct of public affairs, and cronyism.

Laurel, according to the UNIDO statement, cited a University of the Philippines study in 1979 reportedly showing that the loss to the national economy every year due to graft has gone up to P10 billion.

THE SAME study reportedly showed that the loss represents 47 percent of all taxes collected yearly by the Bureau of Internal Revenue and 20 percent of all government expenditures.

For the last 17 years, Laurel said, total tax revenues have gone up 20 times, while the average incomes of the poor have gone up four times for the same period.

Urging the people to share a common desire to truly reform society, Laurel said, "Unless we establish a genuinely democratic political order determined to re-structure our lopsided social structure and create meaningful economic programs, the bloody revolution that has already begun will continue to take its toll in lives and properties."

Laurel urged the holding of free, orderly and honest elections that would elect respected national and local leaders who could inspire faith and confidence and exact from the people their collective spirit, sacrifices and toil for collective good.

CSO: 4200/576

## ATLAS MINING RECOVERS FROM LOSSES

Manila BULLETIN TODAY in English 3 May 83 p 21

[Text]

The much-awaited recovery loomed for Atlas Consolidated Mining and Development Corp. as it rebounded from its losses last year and posted instead a P52 million profit for the first quarter of 1983.

The performance reflected a sharp turn around from the P90 million losses during the same period last year and sustained the P20 million gain registered during the last quarter of 1982, reported Andres Soriano Jr., chairman and president of Atlas.

Based on 83,610,808 shares outstanding, the first quarter gains represent earnings of 62 centavos per share as against a loss of P1.08 per share during the first three months of 1982.

Soriano said that the first quarter profit in April 30. The government support price is higher by three cents than the average world market price of 72.7 cents a pound during the quarter.

Atlas generated some P603 million in sales revenues from its

production of 72,628,000 pounds of copper, 51,470 ounces of gold and 141,400 ounces of silver.

Compared with sales revenues during the same period last year, Atlas made a 30.8 per cent gain. Copper accounted for 68 per cent of the revenues while gold contributed 29 per cent. The rest was obtained from sale of silver and other by-products.

Soriano also reported that the company's oil-to-coal conversion program was completed in March when the second boiler went into operation. It included an "extraordinary item of P19.9 million representing the tax benefit on loss carry forward during the quarter." Otherwise, the first quarter net profit after tax would have been P32.1 million or 38 centavos per share.

Soriano attributed the increased earnings partly to the government copper subsidy price of 76 US cents a pound which was in effect from Feb. 1 to

CSO: 4200/570

PHILIPPINES

VALENCIA SAYS AQUINO SHOULD RETURN

Manila PHILIPPINES DAILY EXPRESS in English 3 May 83 p 4

[Text]

A story coming from Chicago has quoted ex-Sen. Benigno Aquino Jr. as saying that he plans to return to the Philippines in June or July. He has also been quoted as saying that the sensible thing to do for anyone who loves his country is to go home, otherwise, he should give up his Filipino citizenship. He's right. If he stays abroad any longer, he will be forgotten even by his supposed opposition friends and followers. Any sensible politician must know that the people's memory is so short - even our past "heroes" are seldom mentioned even during their birthdays.

CSO: 4200/570

DOLLAR TREASURY BILLS DEMONSTRATE INVESTOR POPULARITY

Manila PHILIPPINES DAILY EXPRESS in English 29 Apr 83 p 11

[Text]

"INVESTORS oversubscribed last Wednesday the 5th issue of the dollar-denominated treasury bills (DTB) worth \$100 million, demonstrating the increasing popularity of these securities, according to Credit Manila.

The 5th issue included 182-day bills for the first time. Out of the \$100 million floated last Wednesday, 40 percent had a maturity of 182 days while the rest had 91-day maturities.

It means there are now \$160 million outstanding in 91-day bills and \$40 million in 182-day bills.

The response of investors to the 5th series, which began five days before issue date, was regarded by financial observers as a measure of the strength of the secondary market. Investors are convinced of the profitability of DTB, as well as its liquidity in the market, they

claimed.

The DTB program calls for the gradual lengthening of the maturities, leading to the development of the DTB as a regular source of dollar funds for the government. Longer-term DTBs are beneficial to investors because they offer higher yields.

FOURTEEN banks, two of them foreign, bought the bulk of the 5th series from Credit Manila, the lead dealer which purchased the whole issue from the Central Bank.

Since the program was launched in October 1982, a total of \$500 million have been floated, with \$200 million outstanding. Investors in the primary market include all major local banks and financial institutions and a number of overseas institutions like Chase Manhattan, Lloyds Bank, Barclays, and Export Finanzierungsbank.

CSO: 4200/588

PHILIPPINES

STATE FIRM TO BUY PHILIPPINE BLOOMING MILLS PLANT FOR P60 MILLION

Manila PHILIPPINES DAILY EXPRESS in English 29 Apr 83 p 9

[Article by Rosario A. Liquicia]

[Text] ALL the billet-making equipment and machinery of Philippine Blooming Mills have been ordered sold for P60 million to the state-owned National Steel Corp. (NSC) as part of PBM's preliminary rehabilitation.

The sale to NSC of PBM's equipment, which include an electric arc furnace a continuous casting machine, oxygen-generating units and their respective auxiliaries, is provided for in LOI 1292 issued last February but released only yesterday.

The LOI ordered the Securities and Exchange Commission (SEC) "cause the immediate sale to NSC of the billet-making facilities of PBM at a total price of P60 million, payment of which should be made in four quarterly installments of P15 million, with the first payment due 30 days after the deed of sale is finalized."

PBM's billet-making equipment which are presently idle can be utilized by NSC which plans to import such facilities for its integrated steel project to be set up in Iligan, the LOI noted.

FURTHERMORE, the immediate sale to NSC of PBM's equipment "is in the best interest of the private firm's stockholders and creditors," the LOI said.

It was explained that PBM's billet-making facilities can not be economically operated in its present location (Pasig) under any feasible rehabilitation plan, thus its transfer to NSC will benefit the two steel companies.

The proceeds of the sale will be deposited in escrow with the Philippine National Bank, the LOI states.

• • •

TO further support PBM's rehabilitation, NSC was ordered to supply the steel billets needed for PBM's bar and rod rolling operations.

PBM is presently under rehabilitation by the Securities and Exchange Commission (SEC), and no agreement has yet been reached among the creditors and stockholders for a final rehabilitation plan.

CSO: 4200/588

NATIONAL POLICE ACTION CENTER TO RESPOND TO CITIZENS

Manila BULLETIN TODAY in English 27 Apr 83 p 5

[Text]

The National Police Commission Napolcom will soon set up a public assistance and action center whose main function is to receive complaints against members of the Integrated National Police and to help expedite the disposition of cases filed against erring policemen.

This was announced yesterday by Napolcom Chairman Carmelo L. Agbayani who assured that the proposed assistance office will act with dispatch on complaints brought against abusive and malingering policemen.

He said he was creating the unit in response to complaints (although at times unjustified) that the Napolcom was rather slow in acting on cases filed against policemen.

Agbayani said the proposed assistance and action unit, to be directly under him, will also entertain not only complaints but assist claimants of pending benefits due them specially those coming from the provinces.

On the subject of standardizing and upgrading the basic salaries of policemen, Colonel Agbayani said the President has approved the adjustment of salary scales of policemen to be equal to that of AFP members.

Agbayani explained that if the pay hike has not improved their economic plight, this may be attributed to what he called "budgetary constraints" — not to the apathy of Napolcom or other agencies of the government.

Government authorities are more than willing to increase the policeman's pay to enable him to cope with the ever-increasing cost of basic commodities aware that most policeman is a family man.

But until working budgets are dramatically increased, he will have to content himself with the present limitation, Agbayani said.

CSO: -200 547

UP HOSTS FORUM ON CHURCH, WORKER 'SOLIDARITY'

Manila BULLETIN TODAY in English 27 Apr 83 p 5

[Text]

The "Church's Response to Workers' Demands" will be the theme of the forthcoming National Forum to be held at the Church of the Risen Lord, UP campus, Diliman, Quezon city, on April 29 at 2 p.m.

This was announced by Laura Ocampo, one of the chairpersons of the National Forum, a monthly lecture assembly in which prominent social and political issues are discussed.

The panel of speakers will include Cipriano Malonzo, chairman of the Pagkakaisa ng Manggawang Filipino; Amadeo "Gat" Inciong, former undersecretary of labor; Nick Aliman, president of ADLU; and Cecilia Benosa of Kapatid, an organization of relatives of political detainees.

The forum's theme expresses the deepening belief among church people that concern for the work-

ers and solidarity with the cannot be separated from the church's exercise of its prophetic functions.

"The workers issue has become urgent in view of the continuing violation of the Filipino workers' rights and dignity," said Alvaro O. Senturian, Jr., another chairperson of the National Forum.

"There is a need to uplift the lot of the workers, and the church cannot close its eyes to their misery without abdicating its prophetic function to be a church of the poor."

The National Forum is under the joint sponsorship of the NCCP human rights desk, UCCP human rights desk, Protestant Lawyers League, justice and peace desk of the United Methodist Church, Student Christian Movement, and the Wednesday Fellowship.

The National Forum is open to the public.

CSO: 4100 367

PHILIPPINES

SHIPPING INDUSTRY PROTESTS PROPOSED BERTH CHARGE HIKES

Manila BULLETIN TODAY in English 27 Apr 83 p 12

[Article by F. T. Flores]

[Text] The shipping sector has opposed Philippine Ports Authority's proposal seeking to increase port berthing charges in the country from 1983 to 1985.

Under the proposal, the 120 per cent increase will be carried out in four equal installments at 30 per cent each from 1983 to 1985. The other proposals are: The "one-step" increase of the 60 per cent will be implemented in July and the "two-step" increase of 30 per cent each on April 1 and Oct. 1, 1985; and the 135 per cent increase will be implemented in 1983, 1984, and 1985.

The proposed charges were already submitted by the agency to the cabinet for immediate consideration.

The shipping sector explained that any increase on berthing charges would virtually dislocate several industries in the country because some of them are still recovering from world recession.

Besides, they said the increase may adversely affect the export drive which is expected to improve slightly due to the recovery of the US economy.

PPA reasoned out that the domestic shipping industry will benefit from the project. It said the proposed charges for domestic vessels are much lower than charges for foreign ships.

It added that the increase in berthing charges would mean improved facilities for domestic vessels.

Meanwhile, State Minister for Foreign Affairs Arturo Tolentino urged participants in the recently-concluded International Law of the Sea Convention to start regulating private mining activities in the seabed areas so that the economic benefits derived from it would be shared equally by all states.

This can be carried out effectively if the United Nations sets up the International Seabed Authority (ISA) as early as possible. The ISA is charged with

organizing and controlling the exploitation of natural resources in the deep seabed.

However, United States has opposed some of its provisions, saying that it would not allow exploration and development of seabed resources under the reasonable terms and conditions.

CSO: 4600/587

PS MILLION OIL WELL PROJECT TO BEGIN IN TARLAC

Manila PHILIPPINES DAILY EXPRESS in English 29 Apr 83 p 9

[Text]

**O R I E N T A L**

Petroleum plans to drill this year its first onshore well in an area within the Central Valley Basin in Tarlac, industry sources said yesterday.

The company is allotting about P5 million for the onshore well which will be called Cuyapo 1. It will be drilled to test the sandstone formation in the area, the sources further said.

Cuyapo 1 will have a target depth of only 4,000 feet. The results of the drilling will determine further drilling activities of Oriental in the area.

According to its tentative plans, Oriental will drill another well to be called Victoria No. 2 after it completes drilling Cuyapo well.

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VICTORIA 2 will be

drilled to a depth of 14,000 feet on a structure not far from the Victoria 1 well drilled by the American Oil Co. (AMOCO) five years ago.

The planned Cuyapo drilling, sources added, indicates a revival in interest of oil exploration companies in onshore drilling.

Oriental Petroleum is also part of the Cities Service consortium which operates the Nido and Matinloc oilfields. The consortium is also set to start drilling the Galoc oil structure by July this year.

Despite heavy exploration and development expenditures last year, Oriental was able to post a net income of P31 million, for a 74 percent increase over its profit in 1981.

CSO: -200/586

## OIL, MINERALS FIRM MAKES P60 MILLION PROFIT

Manila PHILIPPINES DAILY EXPRESS in English 2 May 83 p 10

[Text]

**BASIC** Petroleum and Minerals Inc. reported yesterday net profits of P68.6 million in 1982 to become the most profitable local oil exploration firm during the year.

As a result of its higher profitability, Basic will declare a 10-percent combined cash and stock dividends in addition to a 20-percent dividend earlier granted to stockholders, according to Basic Chairman Jose de Venecia.

Basic's profits came mostly from its share in local oil production and from the sale of an oil marketing company to Pilipinas Shell. Sold was Basic-Landoil Energy Corp. which Basic had previously acquired from Getty Oil.

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**DE VENECIA** also reported that last year Basic pursued its oil exploration and development programs at a cost of P62 million without any foreign or domestic funding. The funds used for the projects were in-

ternationally generated, he said.

At the same time, Basic announced that its oil and gas drilling activities in the Emirate of Ajman (UAE) in joint venture with Landoil and Arab partners resulted in a discovery of high grade oil and gas. This is the first operation of its kind being undertaken by a Philippine Southeast Asian oil/gas company in the Middle East.

Basic's joint venture with Landoil Resources Corp. and the Arab public company Gulf Consolidated Company for Services and Industries, E.C. (GCSI) - Landoil-GCSI-Basic Exploration, S.A. is the operator for the international consortium that was responsible for the first Philippine managed petroleum discovery in the Middle East.

The group's oil discovery in Ajman No. 1 has opened a new productive area which makes the well a focus of international attention in the petroleum industry. De Venecia said.

CSO: 4200/589

## PHILIPPINES

### NEW LAW TO BOOST EXPORTS

Manila PHILIPPINES DAILY EXPRESS in English 29 Apr 83 pp 1, 7

[Text]

**PRESIDENT MARCOS** signed into law yesterday Cabinet Bill No: 54, also known as the Investment Incentives Policy Act of 1983, granting more incentives to local and foreign firms which are export-oriented.

The first major revision of the government's investment incentive policies, the new law is designed to restructure the industrial sector and attract more foreign exchange earnings.

Under the new law the number of incentives was reduced to six from 15 under the old laws but two entirely new incentives were added granting tax credit on the net value earned and on the net local content of export values.

Unlike in the past, Trade and Industry Minister Roberto Ongpin said that the new incentives system is performance-oriented.

The two new incentives entitle:

- New projects and expansions registered with the Board of Investments to tax credits equivalent to five percent on net value earned for non-pioneer industries and the 10 percent for pioneer industries.

- New projects and expansions to tax credits equivalent to 10 percent of net local content of export sales.

The net value for the first incentive will be computed as value of sales minus cost of raw materials,

supplies and utilities and depreciation of capital equipment.

The net local content for the second incentive will be computed as export sales minus allocated depreciation and the value of imported raw materials and supplies.

Ongpin pointed out that the new incentive system favors export-oriented projects and those with high local value added.

Tax credit certificates on the two incentives will be issued every year by the BOI while the tax credit certificates for other incentives that are retained from the old law will be released by the Ministry of Finance to the Bureau of Internal Revenue and the Bureau of Customs.

The new incentives will replace those considered by the government as having lost their usefulness to BOI-registered firms as well as those that do not serve as a reward for generating more value added and more exports.

The fiscal incentives that were retained from the old law are:

- Tax exemption on imported capital equipment
- Tax credit on locally purchased capital equipment
- Net operating loss carryover
- Tax credit for taxes and duties on raw materials
- Exemption from export tax and
- Tax credit for withholding tax on interest

However, the grants of tax and duty exemption on imported capital equipment and to tax credits on the purchase of local capital equipment have been reduced from seven to five years from the date of a project's registration with the BOI.

LOCAL FIRM PENETRATES EXPORT MARKET

Manila PHILIPPINES DAILY EXPRESS in English 2 May 83 p 9

[Text]

**A LOCAL** firm engaged primarily in the cultivation of cassava and processing into cassava starch has penetrated the export market with an initial shipment to Taiwan of some 500 tons of starch and glucose.

Sinto Malcampo Uy, executive vice president of the Philippine Starch Industrial Corporation (PSIC), said that his company's export to Taiwan has made the Philippines the only country besides Thailand to have exported cassava starch and glucose.

Thailand currently monopolizes the world's cassava cultivation and production.

PSIC which is registered with the Board of Investments (BOI) is required to export 70 percent of its total starch production.

The PSIC starch plant has a rated capacity of 200 metric tons of processed starch daily. The plant currently requires a daily supply of about 400 tons of cassava tubers.

The firm expects to generate nearly \$10 million in export earnings in five years.

CSO: 4000 588

## MARCOS PUSHES DROUGHT AREA REHABILITATION

Manila PHILIPPINES DAILY EXPRESS in English 1 May 83 pp 1, 8

[Text]

**PRESIDENT MARCOS** ordered yesterday the Ministry of Agriculture and other government agencies to step up rehabilitation work in the Visayas and Mindanao as he received reports that rains have begun to fall in most drought areas.

The President gave specific instructions to the Ministry of Agriculture, National Irrigation Administration (NIA) and the Farm Systems Development Council (FSDC) to submit to him immediately recommendations for the efficient and maximum use of irrigation water.

He said he has received reports that irrigation water in some areas is being wasted due to lack of coordination among agencies or plain ignorance of farmers on the proper use of irrigation water.

**THE PRESIDENT** told Agriculture Assistant Secretary Domingo F. Panganiban to use the extension workers of the Ministry of Agriculture to teach farmers the effective use and conservation of water from communal or gravity irrigation systems.

The President also ordered the agriculture ministry to utilize fully its more than 6,000 extension workers in the Visayas and Mindanao so as to intensify the delivery of field services to drought victims.

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AT THE SAME time, the Presi-

dent called for the speedy distribution of palay and corn seeds to farmers at subsidized prices so that they may be able to plant early.

More than 200,000 farmers are to be benefitted by the subsidized (half price) seed program ordered by President Marcos.

In an updated situation report to the President, Panganiban said that it has started to rain in Davao City, Davao del Norte and Davao del Sur.

South Cotabato and some provinces of Region 11 have experienced rainshowers, he added.

Davao Oriental, Panganiban said, has reported heavy and sufficient rains in four coastal municipalities and some 1,062 hectares have already been planted.

Other provinces which reported rainfall include Iloilo, Bohol, Agusan del Sur, Agusan del Norte, Surigao del Norte, Surigao del Sur, North Cotabato and Maguindanao.

South Cotabato's Governor Sergio Morales wired the Office of Minister Arturo Tanco Jr. saying that it rained again in South Cotabato and Davao del Sur, including Davao City, last April 27.

The governor reported that due to the heavy downpour the road being constructed from General Santos to Digos has become muddy thus hampering transportation.

In his report to the President,

Panganiban said P20 million worth of palay and corn seeds have been purchased by the Bureau of Plants Industry and these are now being distributed to farmers.

He also reported to the President that private corn seed companies are cooperating with the government's rehabilitation efforts. He said the companies agreed to lower the price of their seeds and are coordinating with the Agriculture Ministry on the distribution system.

CSC: 4200/588

PHILIPPINES

GOVERNMENT PLEDGES P20 MILLION TO ASIAN VEGETABLE FUND

Manila PHILIPPINES DAILY EXPRESS in English 30 Apr 83 p 12

[Text]

THE Philippine government committed to give P20 million or \$200,000 as its share to the common fund of the Asian Vegetable Research and Development Center (AVRDC) in Taiwan.

Assistant Agriculture Minister Domingo Panganiban said the commitment to the AVRDC fund was made during the consultative meeting of the Asian Vegetable Council last week in Taiwan.

• Sixteen member countries of the council promised to raise \$4 million yearly as AVRDC operating expense for research and technological development programs.

The council is intensifying research activities of tropical areas in the world where vegetables would be commercially grown - *Rose de la Cruc*:

CCO: 4200/568

PHILIPPINES

BRIEFS

JAPANESE BANK LOAN--The National Power Corporation (NPC) yesterday was granted two loans by the Export-Import Bank of Japan (Eximbank) amounting to 20.3 billion yen (equivalent to \$86 million for the construction of more geothermal power plants. The loan agreements were signed by Energy Minister Geronimo Velasco, who is also the chairman of the board of NPC, in Tokyo. Masataka Okura, president of Eximbank signed for his institution. According to a press statement issued by Eximbank, the first loan worth 9.886 billion yen (\$42 million) will finance the equipment and construction of units seven and eight at the Makiling-Banahaw (Mak-Ban) geothermal power plants in Laguna. Each unit will have a generating capacity of 55 megawatts each, raising the total generating capacity of the Mak-Ban plant to 330 megawatts by 1985 when the two more generating units will have been completed. The other loan, amounting to 10.455 billion yen (\$44 million), will be used to finance the supply of equipment and construction of three more generating units at the Palimpinon geothermal complex in Negros Oriental with a capacity of 37.5 million each. This will increase the power generating capacity of the Palimpinon plant by 232.5 megawatts to 345 megawatts. Eximbank also provided the financing for the construction of all generating units in Mak-Ban, Palimpinon and Tongonan (Leyte). [Manila BULLETIN TODAY in English 27 Apr 83 p 14]

FOREIGN DEBTS RESCHEDULING--TOKYO, April 26 (Reuter)--The Philippines has not sought, and will not seek, rescheduling of its foreign debts, Philippine Central Bank Governor Jaime Laya said in an interview published in the Nihon Keizai Shimbun newspaper. Laya was quoted as saying his bank plans to restrict new external borrowing in 1983 to \$2 billion, down from 2.4 billion in 1982. Laya said the Philippines had total outstanding external debts of 17 billion at end 1982. Laya said his bank has been regulating borrowings from abroad and has kept annual repayments of external loans at the equivalent of 20 per cent of the preceding year's foreign currency receipts. Last year, the Philippines' ratio of debt redemptions to foreign currency receipts stood at 19.4 pct. Laya said the Philippines is the only country which regulates the size of its external debts by law. Laya forecast the Philippines' overall balance of payments deficit will fall to 250 million in 1983 from 1.1 billion last year, and the current account deficit to 2.5 billion from 3.3 billion. [Manila BULLETIN TODAY in English 27 Apr 83 p 14]

POLICE CHIEF DISMISSED--Olongapo city residents won't be missing Col. Ahmed Nacpil their police chief. Colonel Nacpil was dismissed recently by the

National Police Commission after he was found to have embezzled gasoline funds of the whole police force. With his ouster from the service, reports have surfaced about other irregularities he had committed as police chief. One is that he allegedly forced subordinates to extort money for him. Another is his unexplained wealth. He allegedly rents to American servicemen several apartments at US\$400 to \$500 for each unit. [Ramon Tulfo] [Excerpt] [Manila BULLETIN TODAY in English 29 Apr 83 p 40]

**PRIESTS CHARGED WITH MURDER--**In Bacolod, murder charges were filed Tuesday against three priests, including an Australian and an Irishman, and 12 other church workers for the killing of Kabangkalan (Negros Occidental) Mayor Pablo Sola and four of his companions two years ago. Charged were Perth priest Brian Gore, parish priest of Kabangkalan; Fr. Neal O'Brien of Dublin, Ireland, Fr. Vicente Dangan, Juanito Balano Sr., Juanito Bulano Jr., Conrado Mual, Ernesto Tahunes, Lydio Mancao, Geronimo Perez, Peter Cuales, Jesus Arzaga, Sofronio Jabaoat, Vicente Pancho Jr., a certain Dela Torre, and another identified as alyas John Doe. The information was filed with the regional trial court in Kabangkalan by Negros Occidental Provincial Fiscal Rodolfo Herman. The fiscal recommended no bail for the accused. Two of the original indictees were dropped from the case. They were Jennifer and William Camancho who were killed in an encounter with government troopers. Assistant Provincial Fiscal Lindy Diola conducted the preliminary investigation of the complaint filed by Col. Francisco Agudon, Negros Occidental PC commander. Diola said a *prima facie* case has been "clearly established." Nine witnesses submitted affidavits supporting the multiple murder complaint. (PNA) [Excerpt] [Manila PHILIPPINES DAILY EXPRESS in English 6 May 83 p 2]

**WORKERS ABROAD--**Forty-nine Filipino workers who have been stranded in Libya for nearly two months now could not leave that country because Libya would not grant them exit permits, the Philippine Overseas Employment Administration said yesterday. Elmor Juridico, a POEA director, said Libya did not give any reason in rejecting the workers' petition. He said the workers, whose services were terminated after the contract of their employer was cancelled by the Libyan government, were given return tickets by their employer. The workers, he said, are safe and are being looked after by other Filipino workers in Tripoli. POEA Administrator Patricia Sto. Tomas, meanwhile, reported that 112,787 Filipino workers found jobs abroad during the first three months of this year. Sto. Tomas said this is 28 percent or 24,272 more workers than last year's 87,909. Of the total, 83.38 percent went to the Middle East and 12.7 in Asia. He said Saudi Arabia got 37,301 workers while Kuwait got 4,021. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 6 May 83 p 6]

CSO: 4200/578

## MILITARY AFFAIRS AND PUBLIC SECURITY

### PRE-EMIGRATION SABOTAGE PLAN UNCOVERED

Hanoi QUAN DOI NHAN DAN in Vietnamese 6 Apr 83 p 3

[Article by Tay Xuyen: "Pre-Emigration Day Sabotage Plan"]

[Text] The night is pitchblack. The Can Gio river estuary is only a dark, black patch. A fishing boat is gliding among the aquatic coconut trees. With the fishing more or less taken care of, the man with the contained voice--as if he is talking through a fireblower--arrogantly asks Ma Be Dan:

"How is the situation? What happened to the plan for blowing up the Vietcong warehouse at S port which the 'front' assigned to you people for getting everything ready?"

Ma Be Dan replies with a quaking voice:

"Master, everything has been carefully done. We are only waiting for Your Excellence's order, as soon as it comes I will let my cronies go to the 'grave behind the temple' where we have already buried the explosives and the arms since the days of Mr. Thieu's, and everything will be 'fine.' After having placed the mines in the two warehouses under the guidance of Bach Thai Ha, our stool pigeon from among the border patrol troops will steal army uniforms and a patrol boat to flee into international waters. This combined operation I have discussed thoroughly with Ha, you do not have to worry, Master!"

The fellow with the canned voice cuts him short:

"Did you investigate carefully when recruiting Ha into our organization? From now on, whenever you are about to recruit someone into the 'organization' you must have my opinion, do you hear! I want to remind you that the border patrol troops are very experienced in this type of things. Did not the 'Front for the Restoration of the Fatherland' affair constitute a bloody lesson to open our eyes?"

Ma Be Dan's body is visibly shrunken and his voice is still quavering:

"Master, I have investigated everything very carefully. Furthermore, I worked with Ha for nearly 10 years in the port police provincial branch, I fully understand him. He is a man absolutely loyal to the nation and to the cause. When Mr. Thieu fell on bad days and had to flee abroad and when the Communists occupied the city, Ha had hidden his rank as an officer in the special investigation team and made a lying declaration that he was only a mechanic; that is why he was retained by

the border patrol guys as mechanic to take care of the patrol boat repairs. Ha has helped them catch many groups trying to go abroad by sea, which is why they really trust him and treasure him. Every year he gets good commendations and has his salary upgraded before the regular time and none of them have the feeling that Ha was a 'puppet citizen' any more. This is a necessary shell for Ha to work for us in the long run. Furthermore, the only son of Ha--a trusted officer of Mr Thieu--was killed by the Communists at the Loc Ninh front. How could he forget so easily such a thing?"

Still speaking with the tone of a superior, the fellow with the resonant voice patted Ma Be Dan's shoulder:

"Fine! This will also be our first victory. Once we make it out of the country I will report this to superior echelons and you will be handsomely rewarded. But for the immediate future we still have to reinvestigate Ha, only then can we be a bit more at ease."

In implementing this plan, they trapped Ha and got him to bring him to a forest clearing near the river estuary for interrogation. After they meted out to him a beating that nearly killed him, the fellow with the canned voice said:

"Brother Ha, where did you go in the last few days and thus failed to show up at the appointed place so that we constantly had to change our location? Or you have reported everything about our organization to the border patrol troops?"

With streaks of blood cutting across his face, Ha did not say a word. At that the fellow with the resonant voice shrieked:

"Traitor! Fellows, give him another beating."

Ha stood up like a rod and brushed his hand away:

"Stupid idiot! In the last few days I have had to go and look for gasoline and oil to prepare for a long 'pleasant journey' of ours across the ocean. Not only are you unreasonable, you even accuse me unjustly. I cannot ever live under the same sky with the Communists. As Ma Be Dan knows full well, they have killed my only son and split my family. How can I forget such a grudge? I am so excited when I linked up with you, for I know that this time I will have a chance to take revenge for my wife and son. How can I suspect that you would treat me in such a rotten way?"

The fellow with the resonant voice burst out laughing. He then leaned down and took out from under the table a cassette recording of Ha's voice which he had hidden there, he patted Ha's shoulder and consoled him:

"You're a fine fellow. I hope you understand, in our profession sometimes we have to do it that way so as to prevent the enemy from infiltrating a sleeper into our ranks. Furthermore, I wanted to record your pledge of allegiance so that I could show it to people higher up. Who knows, it may be because of this recording that we will get a big reward. Now, why don't you report carefully in all detail what has become of the gas and oil preparations for our 'great voyage'?"

"Master, the border patrol guys ask me to repair the boat BPO3 so that in another

few days they could plan a long patrol at sea. Taking advantage of this opportunity, I stole some uniforms and got ready some extra oil and gas, all legally, then got the boat to anchor near the warehouses. As soon as our people manage to place the mine at the warehouse, they will run down into the boat to hijack it, they will put on the border patrol uniforms to trick them and they will start the engine to go into international waters.

At that, the fellow with the resonant voice hastens to shake Ha's hands and laughs in a satisfied manner. He takes leave of Ha, then disappears in the night. But he could hardly suspect that Bach Thai Ha today is no longer the Bach Thai Ha of the past. After living more than six years under the new regime, the social environment as well as the times act like a miraculous medicine to heal Ha's former wounds. Ha has been wholeheartedly helped by the collective. Ha and his family have been helped to get jobs, jobs that are commensurate with their level and capabilities. Ha thinks that there is no other way to redeem his past mistakes except through positive productive labor, to rebuild a new life. As soon as he was contacted by the Ma Be Dan group Ha realized that this was a good opportunity for him to get some merit and redeem himself. Ha secretly reported the whole thing to his commander and was allowed to engage himself deeper in the reactionaries' organization so as to realize the plan for "letting go of the bait to catch the fish" of the scout squad.

In realizing this plan, the scout squad continued to let the base closely monitor the objective so as to know for certain the rules of their game and their movements. At the same time, close coordination was carried out with the port self-defense militia so that the warehouses are constantly being patrolled and guarded, not letting the enemy try their sabotage while assigning some to lie in wait at the "grave behind the temple" in order to catch those in charge of digging up the weapons. After the latter group was arrested, the rest felt that there was danger of their plan being discovered and became greatly concerned, knowing not what to do. The fellow with the resonant voice lost his sagacity and hastened to realize the plan that Ha had shared with him, which was to secretly send his men down to the border patrol boat to hijack it. As soon as they came on board the boat, one would raise anchor while another would start the engine with intention of going out to sea to go abroad, but our border patrol fighters who had been lying in wait surged forth, put the guns to their chest and arrested the whole bunch.

Sitting in front of the interrogation desk of the scout squad, the fellow with the resonant voice had to confess. He wrote: "I, the undersigned Luu Than The, former director of cabinet of the puppet Democracy Party, have been assigned by the CIA to stay back in Vietnam so as to work together with Ma Be Dan, special police, and collect malevolent puppet troops and civilian officers who have been dealt with [by the new regime] so as to fight the revolution, thus realizing their 'post-war plans.' On many occasions the organization of the 'front' came to naught, I became disillusioned and nurtured the intention of hijacking a boat to go abroad. Before fleeing, however, I have ordered my cronies to dig up guns and explosives which have been hidden before to blow up the warehouses to create a political repercussion. But the plan has hardly materialized when we got caught."

## MILITARY AFFAIRS AND PUBLIC SECURITY

### EDITORIAL: OBTAIN GOOD RESULTS IN RECRUITING OFFICER CANDIDATES

Hanoi QUAN DOI NHAN DAN in Vietnamese 28 Mar 83 pp 1-4

[Editorial: "Do Well the Work of Recruiting Military Officer Candidates"]

[Text] Implementing the decision of the Council of Ministers, the recruitment of military officer candidates in the first school year 1982-1983 has reaped good results in the whole country. Tens of thousands of young people have expressed the aspiration to follow in the footsteps of their fathers and elder brothers so as to participate in the building of the army to protect our land. In every area the number of people sitting for the competition is large. The officer candidate selection committees at every echelon have made many efforts; they have in a short time worked very urgently, giving out directions while at the same time doing the concrete organization, and thus they have made careful preparations and controlled and supervised the work, fulfilling precise and strict requirements. The educational effects of all three environments have all been promoted: the family, the schools and the society take care to orient the youth, thus creating the conditions for them to choose the glorious path of serving the protection of the socialist Fatherland.

At the present time our youth realizes better than at any other time the profound truth that nation-building must go hand in hand with national defense. This truth is a life and death law of our people throughout the ages. This feeling has also been transmitted from father to son so that the country could be kept secure. Our youth also understands clearly that after several decades of continuous warfare and in the present situation where our enemies continue to sabotage us and to impede our progress forward, our country runs into many difficulties and that our people and our army must still undergo many shortages. Thus, the building and defense of our Fatherland is an extremely heavy responsibility. The decision to compete to enter officers schools and to serve long in the army constitutes a self-awakening decision, a conscious decision to accept glorious tasks and to be ready for hardships and sacrifices for the independence and freedom of the Fatherland. The recruitment of officer candidates is a response to the widely expressed aspirations of the youth, it means to welcome more and more talents from the youth in contributing to the work of national defense consolidation and to build mighty people's armed forces.

The mass and army organizations help the youth think correctly and do correctly what the Fatherland is expecting of them. The basic Party organizations and the commanders at various levels pay attention to and have careful plans for supple-

renting the training sources in accordance with the criteria applicable to candidate officers, especially in regard to those coming from the South and of minority origin. The family, the schools, and the society all prepare the youth so that they are in good health, have a good education, have a strong will and a firm belief so that they are capable of taking the competitive exams and passing them with flying colors to enter the officers schools. At the basic units we must bolster the various forms of widespread military orientation so that the officers and non-commissioned officers understand clearly the duties and rights of officers, grasp the regulations regarding the competition for candidate officers, build correct and volunteering motivations, thus making the work of career orientation in general and the work of military career orientation in particular become a permanent requirement, a permanent content area in all education environments.

The study review season which is upon our young men and women is also a point in time for recruiting officer candidates, for making wider preparations for receiving new talents, youths that are in good health and have a good education and who aspire to serve in our heroic armed forces. Let the officer candidate selection committees at every echelon make urgent preparations for doing well the work of preliminary selection so as to regulate and make the competition for entering officers schools in 1983-1984 reach the best possible results.

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## MILITARY AFFAIRS AND PUBLIC SECURITY

### MINISTERIAL DECREE BANS SALE OF NEW UNIFORMS

Hanoi QUAN DOI NHAN DAN in Vietnamese 31 Mar 83 p 3

[("Understanding the Law" Column: "The Illegal Selling and Use of K82 Military Uniforms")]

[Text] Question: At the present time, in a number of localities, a number of soldiers have sold the new uniforms (K82) and some civilians have used them. Will the sale and use of new uniforms like that be dealt with in accordance with the law?

Nguyen Quat and Le Ba Ich  
(Haiphong Port workers)

Answer: The sale and use of the new-style uniforms with the mark K82 as you have described above is a violation of the current laws because:

1/ The Council of Ministers has issued ministerial decree No 157/HDBT dated 13 September 1982, which stipulates the use of the Vietnamese People's Army uniforms as follows:

--Vietnamese People's Army uniforms indicate the branch service, echelon, and carry insignia. The ceremonial uniforms and regular uniforms as well as other military wear are only reserved for cadres and soldiers belonging to the Vietnamese People's Army while on duty and in accordance with the function assigned to them by the state (Article 1).

--Every military man has the responsibility of managing, protecting and utilizing military wear in exact accordance with the regulations (Article 2).

--It is strictly forbidden to produce, hoard, utilize, sell and buy, and distribute in illegal fashion the types of branch service, echelon and other insignia, kepi hats and various new-style uniforms being used in the army (Article 4).

2/ The General Staff of the Vietnamese People's Army has issued a statement on 5 October 1982 to inform the cadres, soldiers and people that from 1982 on new-style uniforms have been introduced in the Vietnamese People's Army, called the K82 uniforms.

The Council of Ministers has assigned to the military control forces and the public security forces the task of working together with various local authorities to

monitor and control the realization of various regulations dealing with the use of Army uniforms as described above.

All violations of the above regulations such as the illegal sale and use of the new-style uniforms, etc. must be dealt with, depending on the seriousness of the infraction, either through an administrative disciplinary measure or through legal proceedings, with the evidence subject to confiscation (Article 5 of the above-mentioned ministerial decree).

Any military man who deliberately violates the regulations such as selling or giving away the new uniforms may be prosecuted in military court and tried on the basis of Point b, Article 7, Decree-Law 163/SL dated 23 August 1946, which stipulates from 1 month to 3 years in jail.

The cadres and soldiers of the Vietnamese People's Army must strictly carry out the stipulations of the regulations, the people should help the army manage the question, and they should denounce to responsible organs any violation so that bad elements using the new army uniforms to carry out illegal activities could be punished in time.

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## INTERNATIONAL RELATIONS, TRADE AND AID

### REGULATIONS ON MONEY TRANSFERS, GIFT SHIPMENTS CLARIFIED

Paris DOAN KET in Vietnamese No 347 Apr 83 p 10

Text Decision No 151 of the Council of Ministers concerning recipients of the money transferred and goods sent by their relatives from abroad (see last issue of DOAN KET) has been widely disseminated at home. Newspapers in Hanoi and Ho Chi Minh City have published the text of this decision together with some explanations and guidelines on the formalities to be followed.

To our knowledge, Hanoi has organized the issuance of merchandise receipt books since 1 April and Ho Chi Minh City will start issuing money and merchandise receipt books as of 2 May (applications have been issued in wards and villages since 28 March). We wish to reiterate that each household whose overseas relatives will regularly send money or goods home must apply for one such book. The application for the book must be made only once and the book will be valid indefinitely; when the book is used up, it will be renewed without the holder having to submit another application. Households receiving money or goods irregularly from abroad have also the right to apply for such books and it is advisable that they do so instead of making an application only whenever they are about to receive a gift because this application will be good only for that occasion so that they will have to apply again in the future for the receipt of any further gift. Moreover, it has been asserted that citizens have the right to apply for the books without being bothered in any way by the ward or village authorities. The responsibility for examining and approving applications lies with the precinct and district administration, "applications must be forwarded within 72 hours by the ward and village levels" and the issuance of books will be denied only to households whose members are being prosecuted or have been convicted (of counterrevolutionary or smuggling activities). Fees have also been fixed (10 dong on submission of the application and 50 dong on receipt of the book) to spare the applicants the trouble of being asked for anything else.

In its previous issue, DOAN KET has given full information on the right of each recipient at home--that is, how often he is entitled to receive gifts and how much he is allowed to receive each time. We must add that, according to a decision of the Ministry of Foreign Trade, "any household who did not offend against the prohibited import goods system and the tax system in the three times they received gifts in the course of a year would be allowed to

receive an additional gift for the fourth time." As explained by the newspaper CONG NHAN GIAI PHONG, this "noninfringement" must be threefold: noninfringement of the list of 14 categories of goods whose importation is prohibited, noninfringement of the tax system and strict implementation of the promulgated policy by selling /to the state/ the amount of merchandise surpassing the fixed quantitative norm.

Concerning the money receipt limitation, we wish to reiterate that each household member is allowed to receive not more than 6,000 dong in a quarter (3 months). Thus, if a 5-member household receives more than 30,000 dong in a quarter, the excess money shall be deposited with the bank and may be withdrawn only in the next quarter (a 6 percent interest during the deposit period will be paid by the bank to the household). The recipient may deposit this excess money in the bank account either in Vietnamese or foreign currency; in the latter case, the currency exchange /into Vietnamese dong/ will be effected only at the withdrawal time. As far as we know, this policy is not reversible--that is, it does not specify that if a person receives less than the fixed norm in a quarter, he will be allowed to make up for it in the next.

Following are the categories of goods whose importation under the form of gift is prohibited:

1. Weapons of various types (including sports guns, hunting guns and ammunition, military clothing and equipment, explosives and flammable substances).
2. Radio sets, telephonic and telegraphic equipment and spare parts.
3. Vietnamese currency and money orders and checks /phieeus/ in Vietnamese currency.
4. Precious metals, gems, pearls, diamond, foreign currency, bills of exchange, money orders and checks /ngan phieeus/ whose value substitutes for money.
5. Opium, narcotics and the relevant paraphernalia.
6. Various kinds of strong chemical substances, test chemical substances, chemical substances, toxic substances, modern medicines and medicinal ointments and pills which bear no trademark, are of bad quality or have lost their quality.
7. Papers written by shorthand or by alphabetic or numeric codes.
8. All documents, /including/ printed matters, manuscripts, notes, zincographic and stenciled copies, musical records and tapes, audio-videotapes which have been used in recording, exposed photographic films, paintings, photographs, books, newspapers, statues and articles whose meanings are politically, economically and culturally prejudicial to the SRV as well as various kinds of exposed but undeveloped films.

9. Fresh, raw substances which can rot and putrefy easily and those which are prejudicial to public hygiene.
10. Tobacco including shredded tobacco, cigarettes and cigars.
11. Pure saccharin.
12. Various kinds of used clothes, blankets and mosquito nets.
13. Clothes, fabrics and other articles bearing drawings and letters incompatible with the good morals and customs of the Vietnamese.
14. Various kinds of tightly canned food (except when the cans can be opened or when the bags are transparent).

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INTERNATIONAL RELATIONS, TRADE AND AID

SIBERIAN PLANTS TRAIN VIETNAMESE WORKERS IN CHEMICAL INDUSTRY

Hanoi QUAN DOI NHAN DAN in Vietnamese 25 Mar 83 p 3

[Article by Tran Ngoc Long: "Barnaul, Song of Friendship"]

[Text] The combined textile plants of Barnaul constitute one of the gigantic chemical industrial zones of the Altai oblast in Western Siberia (Soviet Union). The main products of the plants are synthetic sheen and fabrics made up of 49 different kinds meant to serve the people in 500 cities in the whole country. Furthermore, the plants' products also go to countries like Poland, Bulgaria, Mongolia, Hungary, Romania and England.

In the last 30 years, ever since its inception the plants have always been closely linked to the Lenin Communist Youth League. The League members and Soviet youths were the first to lay the first bricks that were to form this great industrial zone in the Altai oblast. It is for this reason that the plants now are honored with the name of "Lenin Communist Youth League."

Since the end of 1981 the combined plants of Barnaul have received over 350 Vietnamese workers. These workers are young, strong and educated League members who have been handpicked from the plants and schools in every part of our land, Ha Nam Ninh, Thai Binh, Nghe Tinh, Binh Tri Thien, etc. Many among them have born arms to protect the Fatherland in the days of fighting against the Chinese aggressors or they have participated in the reclamation of new land in the Western Highlands of Vietnam. The charming Vietnamese girls who gather here are at these plants to familiarize themselves with large-scale industrial production and receive modern, progressive experiences. In the future they will become highly skilled workers who will come home and serve in our chemical industry.

At the present time a movement is being set afoot at the combined plants of Barnaul so that there would be contract competition between the Vietnamese and the Soviet workers on the occasion of the 52nd anniversary of the establishment of the Ho Chi Minh Communist Youth League. The model collectives, the progressive individuals and the production that goes beyond the plan are all noble and beautiful expressions of the mind and heart of those League members who are thinking of the date 26 March in the beloved Fatherland.

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## HEAVY INDUSTRY AND CONSTRUCTION

### CONSTRUCTION ON TRI AN HYDROELECTRIC PLANT CONTEMPLATED

Paris DOAN KET in Vietnamese No 347 Apr 83 pp 24-26

Article by Han Quy: "On the Situation and Prospects of Electricity in Vietnam"/

#### Text Tri An--the Best Site for an Optimum Solution

Clearly aware of the soundness of a hydroelectric solution, the state has decided to build the Tri An project at a site in Vinh Cuu District, on the Dong Nai River, (Dong Nai Province), 80 kms from Ho Chi Minh City. Tri An is one of a number of sites which had long been investigated. From the geological point of view, it had been surveyed since 1924; afterward, many groups of geologists have continually come there to carry out research and geologic professor Tran Kim Thach himself participated in the research since 1964.

Since 1976, many contingents of geologic and hydrologic specialists (including members of the water conservancy science and geology departments of the University of Ho Chi Minh City) have continuously come there to carry out surveys and investigations and have come to the conclusion that Tri An is an ideal site for a large-scale hydroelectric project for the following reasons/:

--The dam foundations will be stable owing to the nature of various kinds of stone and to the convenient structure of the entire zone.

--Limestone does not exist in the northern region of Dong Nai Province where there will be a reservoir and a dam network of the hydroelectric project.

--Building materials are extremely abundant around the dam network.

--The site has a vacant plane surface where it will be easy to position the principal and auxiliary works.

Moreover, Tri An is the best location as compared with other areas in South Vietnam. The usual shortcoming of hydroelectric plants is the fact that they are situated far from consumption centers because they can be built only in mountainous and fluvial regions (such as the Massif Central, Pyrenees and Alps

in France which are far from Paris but it is naturally impossible to move mountains and rivers toward the consumption centers!); since the plants are located in such remote regions, the installation of high voltage cables to carry electricity at long distances is costly and there is a heavy loss of electric energy while power is being conveyed from its source to the consumption areas. Of all the hydroelectric project sites under study (see map of the hydroelectric potential of South Vietnam), Tri An is closest to Ho Chi Minh City (80 kms to the northeast) which is a great consumer of electricity and is simultaneously the center of an existing electric network linking together almost all regions of South Vietnam (see sketch map of electric network development). During the building process, there will be another favorable condition residing in the fact that Tri An is near the grain storage zone of the nine Mekong River delta provinces--which will enable us to implement the "sufficient food, rapid construction" motto--and that Tri An is also near the Dong Nai-Ho Chi Minh City industrial zone which will supply a certain amount of construction and working means.

In addition, Tri An is situated on the Dong Nai River where the law of water current differs from that which the Da Nhim hydroelectric plant; this means that, in the future, Tri An will be spared the instability of a unique water current like the existing one (which yields too much water in the flood years and which runs short of water in the years of drought such as in late 1982 when power had to be cut off many nights in a single week). Another point worth mentioning is that if we do not build Tri An but merely expand Da Nhim, we will not only suffer the disadvantage of a unique water current as said above but will also have to install a longer cable from Da Nhim to Ho Chi Minh City (250 kms) and will obtain an output equal to only one-third of that which will be yielded by Tri An.

Now, after being informed of the advantageous features of Tri An, some readers will surely wonder why the former regime in South Vietnam did not undertake the construction of Tri An.

According to the official documents of the Vietnam Electricity Company (under the former South Vietnam regime), in 1974, this company intended to start construction in 1976 and complete it in 1982 but South Vietnam was liberated in 1975. Before that time, construction was not feasible for the following two reasons:

--As said above, the United States did not encourage the former South Vietnamese regime to have an independent, self-supporting policy on energy.

--Tri An was situated in the revolutionary base area.

In short, with its output of 320,000 kilowatts (320 megawatts), Tri An will have a high economic effectiveness. Its function will be:

1. To produce and supply electricity to the southern provinces and to generate a yearly power output of about 1.5 billion kilowatt-hours, which will mean a yearly saving of about a half-million tons of oil worth nearly \$150 million;

2. To supply fresh water to Dong Nai Province, Ho Chi Minh City and the Thanh Tu Ha oil refinery zone;
3. To regulate the Dong Nai River waterflow, to repel salt water farther away and to irrigate about 250,000 hectares of ricefields;
4. To maintain a very economical fish breeding lake with an area of over 30,000 hectares and an estimated yearly fish production of 2,000 tons; and
5. To create conditions to build in this region summer resorts, sanatoriums and tourist installations.

#### What Should Be Done Immediately to Solve the Power Shortage Problem?

Are the 4 or 5 years it will take to complete the project construction a long period of time? We must understand clearly that it will take the electricity sector time and patience to build a power plant with high economic effectiveness and long-term profitability. Faced with the 1973 energy crisis and the soaring gasoline price, France advocated an independent, self-supporting policy on energy and decided to build a series of atomic electric power stations; (this policy has been applied continuously with the agreement of all political parties, which demonstrates the vital importance of the energy problem; we must also remember that France has used up almost all its hydroelectric capacities). However, it has been necessary to wait for nearly 10 years to see the initial result of this policy and it will be necessary to wait for another 10 to 15 years before becoming really independent of the energy (that is, no longer dependent on the price of petroleum) used to produce electricity.

So we agree to wait but what must we do right now?

For the present, we must try to use the electric source and network rationally. In North Vietnam, for example, because the equipment is already old or because the plants were attacked repeatedly in wartime, the electric situation is unstable, the quantity of coal consumed to produce electricity is too large, with many power plants using more than 1 kg of coal for 1 kWh--that is, double the progressive consumption norm in the world. The loss and waste rate in the electricity network in both North and South Vietnam is too high--25 percent in comparison with only 7 percent in the French electric network. If we try to reorganize the electric network operating method and if the electricity consuming households use electricity rationally (by avoiding using too much power versus the supply capacity and the stations' and cables' output) so that the loss and waste rate in the network is reduced by about 10 percent, the result will be as if we have got half the capacity of the Da Nhim power plant.

In his letter dated 2 September 1980, Bui Huu Lan, a close friend of mine, told me about the wasteful use of electricity by private individuals: "Generally speaking, every household uses more electricity than in the past: There is no noticeable reduction in the use of electricity for television sets and refrigerators; on the contrary, instead of using kerosene, charcoal and firewood for cooking as in the past but because kerosene is now in short supply and because charcoal and firewood are expensive, people have started using electricity for cooking since the state price of electricity is very low: To

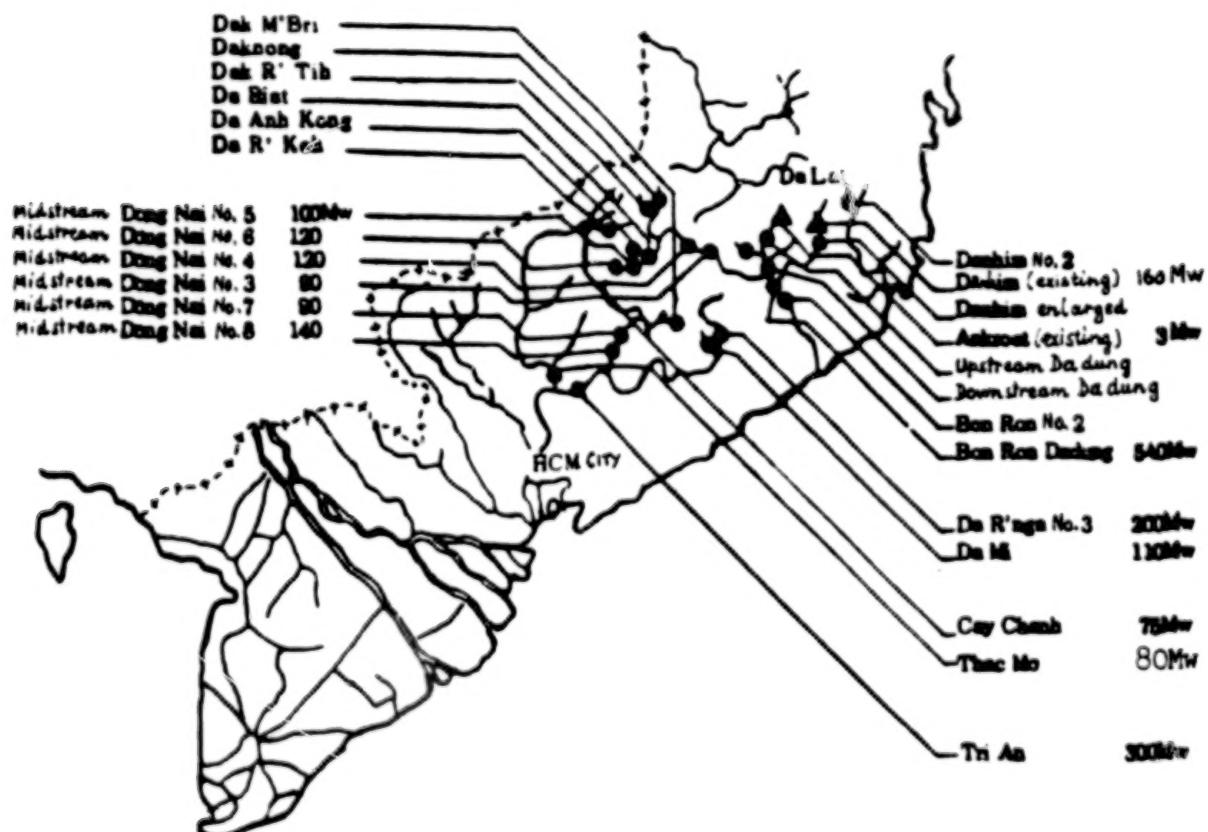
cook a meal, one must use a firewood bundle costing 1 dong but by using electricity, one will consume only about 1 Kwh costing only 0.15 dong and the total expense will be less than 0.20 dong even if the depreciation of the electric range is taken into account."

In view of the electricity shortage and the obligation to cut off power, the Electricity Corporation must consider the damage done to the national economy by the power cutoff and must try to solve this problem in such a way as to minimize this damage.

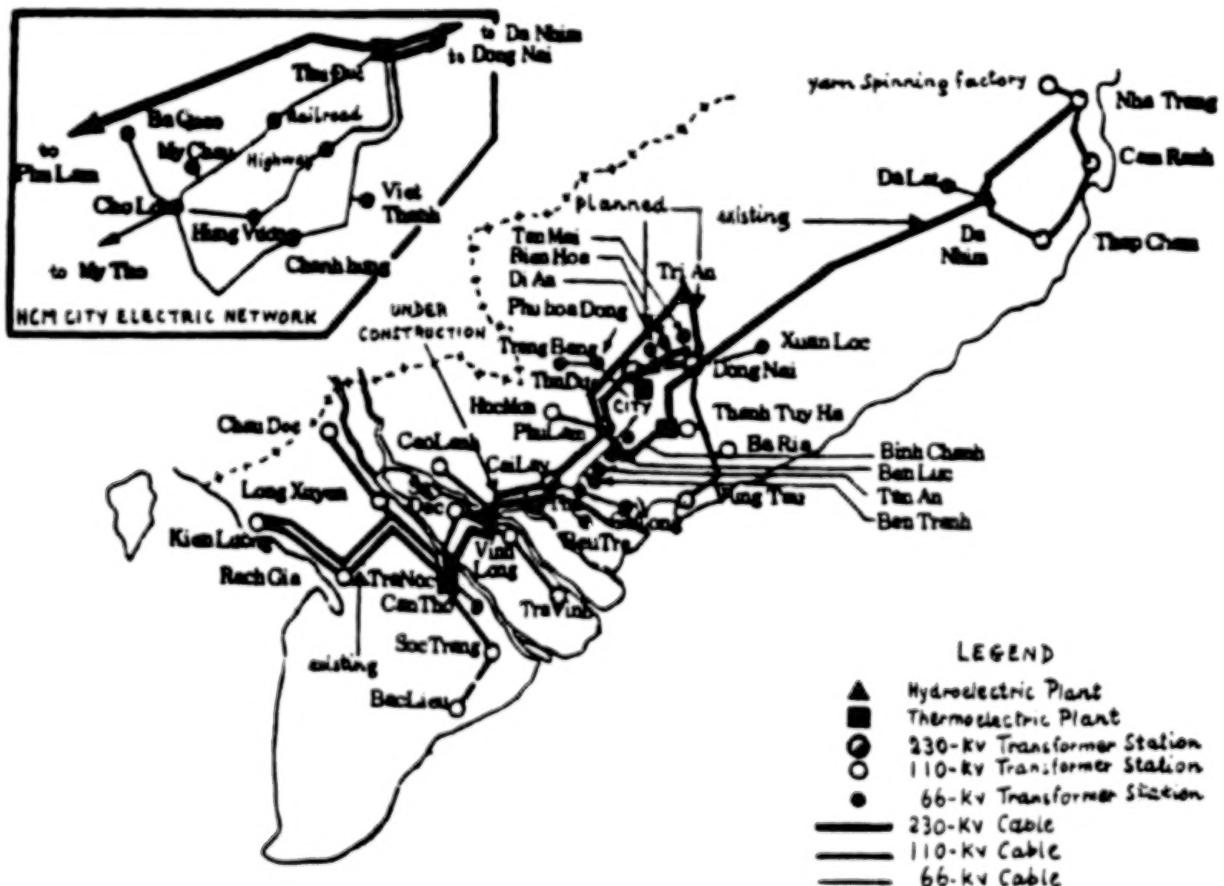
At the same time, we must eliminate wasteful practices, broaden the use of new sources of energy and develop recycling. If we build many biogas underground tanks for cooking purposes, plan the installation of many windmills to pump water and use solar energy to heat water in hospitals..., we will be able to save electricity for other more effective works (in industry). In this respect, the South Vietnam Electricity Corporation including Nguyen Tran The /a staff member/ is strenuously conducting research and implementing this policy (with the overseas Vietnamese assistance under the form of books and newspapers) and has reaped some encouraging result (see article entitled "People in Ho Chi Minh City use new energy" published in DOAN KET issue No 342 and another article in DOAN KET issue No 345).

For the present, the most effective task is to study the possibility of building many small-sized hydroelectric stations with the cooperation of cooperatives and many peasant households especially because farmers have somewhat prospered over the past few years owing to the implementation of the contract system. Once electricity is brought into the rural areas, it will completely change the peasants' life and will have the effect of increasing their confidence /in the state/.

### HYDROELECTRIC POTENTIAL IN SOUTH VIETNAM



SKECH MAP OF ELECTRIC NETWORK DEVELOPMENT UNTIL 1990 (1st STAGE)



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HEAVY INDUSTRY AND CONSTRUCTION

HAIPHONG CEMENT PLANT PRODUCTION FIGURES REPORTED

Hanoi QUAN DOI NHAN DAN in Vietnamese 29 Mar 83 p 1

[Article: "Haiphong Cement Plant Produces 159 Tons of Cement and Clinker"]

[Text] The Haiphong Cement Plant has produced 83,000 tons of cement and over 76,000 tons of clinker, reaching from 109 to 110 percent of the plan for the first quarter, representing an increase of the first quarter of 1982 of 18 to 20 percent. All the norms regarding labor productivity and product consumption have all been surpassed as compared to the assigned plan targets.

Together with boosting production the plant has paid attention to product consumption. The plant has coordinated with the Material and Equipment Supply Company No 3 (of the Ministry of Construction) and with the Container Company (of the Ministry of Transportation and Communications) so as to get 36,000 tons of cement carried away, representing almost half of the total volume produced by the plant during the first quarter, to respond to the supply needs of the southern provinces.

The plant also concentrates its efforts on doing a major repair on furnace number 3 and on repairing practically all the equipment in the production chain in accordance with the repair schedule, thus raising the daily production level to a higher level than before.

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June 15, 1983